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PRC Warns ASEAN Not To Support SRV on Spratlys

BK1312135394 Hong Kong AFP in English 1314 GMT 13 Dec 94

[FBIS Transcribed Text] Bangkok, Dec 13 (AFP)—China on Tuesday warned the six members of ASEAN against backing Hanoi in its dispute with Beijing over the Spratly Islands. The warning was made by the Chinese representative, Ji Guoxing, at an international forum here on sea law, the Southeast Asian Programme in Ocean Law (SEAPOL).

"Vietnam is playing the international card," Ji said, referring to statements by Vietnam in October, when it said it expected the support of the Association of Southeast Asian Nations (ASEAN)—which it is set to join next near—in the Spratlys dispute.

"China doesn't want to see the occurrence of such a situation that Vietnam unites with ASEAN countries to deal with China in common. So it is better for ASEAN to be cautious in satisfying Vietnam's demands in this regard," Ji said.

The Spratlys, a strategic and reputedly mineral-rich scattering of largely uninhabited islands in the South China Sea, are clamed in all or in part by Brunei, Malaysia, Philippines and Taiwan, as well as China and Vietnam.

China—whose warships clashed with the Vietnamese navy in the region in April 1988—is beefing up its military presence in the zone. It wants the potential flashpoint defused by a series of bilateral agreements among the contesting countries, rather than an international deal.

ASEAN gathers Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand.

Cambodia To Sign ASEAN Treaty in 'Few Months'

BK1112121394 Kuala Lumpur Voice of Malaysia in English 0800 GMT 11 Dec 94

[FBIS Transcribed Text] Cambodia is expected to sign the ASEAN Treaty of Amity and Cooperation in a few months. The ASEAN secretary general, Datuk Ajit Singh, said in Kuala Lumpur today Cambodia's premier, Hun Sen, had agreed to accede to the treaty which was adopted by 17 countries in the ASEAN Regional Forum on Security in July as the instrument for political and security cooperation in the Asia-Pacific. The treaty will also act as a kind of contract to govern relations between states in the region.

Datuk Ajit Singh, who met with Cambodian leaders three days ago, said Cambodia expressed its desire to be part of ASEAN as soon as possible. Cambodia has applied to become an observer of ASEAN, and Datuk Ajit Singh said he did not foresee any objection from ASEAN member countries.

He was speaking to newsmen after the opening of the sixth Southeast Asian Forum. The three-day forum, jointly organized by ASEAN and the Institute of Strategic and International Studies, was opened by Minister in the Prime Minister's Department Datuk Abang Abu Bakar Mustapha. Sixty officials from ASEAN are taking part.

Indonesia-Malaysia-Thailand Meeting on Growth

Malaysian Deputy Premier Comments

BK1512150294 Kuala Lumpur RTM Television Network 3 in Malay 1200 GMT 15 Dec 94

[FBIS Translated Text] Kuala Lumpur will comprehensively review regulations and policies related to the flow of goods, labor, and services in the Indonesia-Malaysia-Thailand [IMT] growth triangle area. Deputy Prime Minister Datuk Sri Anwar Ibrahim said Thailand and Indonesia also agreed on moves toward liberalization to facilitate cross-border trade in the area.

[Begin recording] [Unidentified correspondent] Yesterday, the Asian Development Bank [ADB] outlined various regulations and procedures that may hinder the implementation of the IMT growth triangle concept. According to the ADB, the three countries have different objectives and policies on trade, investment, and finance, which reflect their respective economic interests. Today, Datuk Sri Anwar disclosed that the three countries agreed to review their regulations and policies in accordance with the principles of the ASEAN Free Trade Area [AFTA]

[Anwar, in progress] ...but the ADB simply gave its views. A final decision will, of course, rest with the IMT growth triangle members.

[Unidentified correspondent] He added that the ADB proposal will be studied by senior officials before further action is taken. Earlier when opening the IMT growth triangle ministerial meeting, Datuk Sri said that the private sector will lead the development of the northern growth triangle. However, he reminded them not to forget their social responsibility while developing the area.

[Anwar, in progress, in English] ...but in reaping the profits, they must not lose sight of the social objectives of this regional concept. Corporations, which undertake commercial enterprises, ought to be guided by a social philosophy which emphasizes the needs of the community.

[Unidentified correspondent] Datuk Sri Anwar held a meeting with Thai Deputy Prime Minister Suphachai Phanitchapak. [end recording]

ADB Study Endorsed as 'Guideline'

BK1612082894 Bangkok BANGKOK POST in English 16 Dec 94 p 7

[Report by Nopphon Champangoen in Penang]

[FBIS Transcribed Text] Indonesian, Malaysian and Thai officials at the Growth Triangle meeting here have endorsed the Asian Development Bank's [ADB] final study of the scheme, but only as a guideline. In fact the officials came close to rejecting the ADB's study because they feared that endorsing it might entail some kind of commitment, a Thai delegate said.

The ADB submitted only part of the final study to the senior officials meeting. Some delegates felt the ADB should have submitted the full final report. Having failed to come to a decision on the ADB's study, the senior officials meeting gave the head delegate of each country the right to decide what to do with it, sources say.

The Thai delegate was Sumet Tantiwetchakun, secretary-general of the National Economic and Social Development Board.

Mr Sumet said all delegate heads decided to endorse the ADB's study, but as a guideline only. There has to be further discussion of the details.

The working group on air transport proposed that:

—Air links in the triangle be confined to Medan and Banda Aceh, Indonesia; Penang, Langkawi and Ipoh, Malaysia; and Hat Yai, Narathiwat and Pattani, Thailand (the links will include scheduled and non-scheduled air services without limitations on capacity and frequency);

—Phuket be excluded from the Growth Triangle area.

The working group on energy proposed that:

—the Thai National Energy Policy Council and the Electricity Generating Authority of Thailand bring standards of bidding documents up to the international level;

—a fast-track approach be adopted, and a shortening be effected of the processing period for the granting of licences permits and concessions to operate mines and implement power projects;

—the three countries upgrade their facilities to enhance compatibility and the security of their systems;

—A Trans-ASEAN gas pipeline and ASEAN supergrids be considered;

—Private sector companies be given support to undertake and participate in the energy sector;

—Investor incentives for energy projects be retained and even increased.

The telecommunications working group proposed that:

—Indonesia review its Telecommunications Act #3 of 1989 and Thailand liberalise its telecommunications services (Malaysia has launched a national telecommunications policy to review all regulations and legislation);

—The private sector be encouraged to undertake telecommunications projects in the region;

—Forums in the ASEAN region such as the bilateral meeting between the Telephone Organisation of Thailand (TOT) and Telekom Malaysia and trilateral meetings pay more attention to the triangle;

—satellite facilities and surplus capacities available in member countries be at the disposal of the triangle;

ADB's study on telecommunications be made more comprehensive (at present it lacks in-depth analysis).

The agriculture and fisheries working group proposed that:

—the management capacity of marine fisheries resources be expanded;

—a coastal zone management programme be developed for the Straits of Malacca;

—Indonesia provide policy support for fishing off Sumatra;

—Marine fisheries infrastructure development be planned;

—Fisheries infrastructure off the west coast of Northern Sumatra be developed;

—A fisheries centre be established at Sabang;

—The fish canning and processing industry in Northern Sumatera be developed.

Japan

Official Laying Groundwork for U.S. Summit

OW1612011294 Tokyo KYODO in English 0028 GMT 16 Dec 94

[FBIS Transcribed Text] Washington, Dec. 15 KYODO—Japan's Deputy Foreign Minister Sadayuki Hayashi called on Undersecretary of State Timothy Wirth and other senior State Department officials Thursday [15 December] in a series of talks apparently aimed at laying the groundwork for next month's summit between Prime Minister Tomiichi Murayama and President Bill Clinton.

The Japanese Government announced Thursday that Murayama will visit the United States in January and hold talks with Clinton on Jan. 11 in the U.S. Capital.

Japanese officials said there are no pressing issues hanging over the two countries and described Hayashi's meetings at the State Department as informal sessions to exchange views on international events and political developments in both countries.

Wirth is the senior State Department official in charge of talks with Japan on bilateral cooperation on environmental and other global issues, the most friction-free area in the contentious framework talks between the two countries.

In announcing Murayama's visit to Washington, Japanese officials underscored the importance of cementing personal bonds between Murayama and Clinton, noting that next year marks the 50th anniversary of the end of World War II.

White House Press Secretary Dee Dee Myers told reporters Thursday that the summit meeting is expected to focus on the framework trade talks, North Korea's nuclear program and other issues of mutual concern in the Asia-Pacific area.

Murayama, the socialist leader who heads a three-party coalition government in Tokyo, has met Clinton twice since he came to office in June.

Both meetings, however, took place in third countries, the first in Naples, Italy, in July during the Group of Seven summit and the other in Jakarta last month during the Asia-Pacific Economic Cooperation summit.

International Competition in Derivatives Growing

Centered in Hong Kong

952A0148A Tokyo NIKKEI KINYU SHIMBUN in Japanese 17 Oct 94 p 1

[Part one of five-part series by NIKKEI KINYU SHIMBUN Derivatives Reporting Team: "Japan, the United States, Europe Scramble in Asia"]

[FBIS Translated Text] Competition by financial institutions that crosses national borders and is centered on derivatives (finance-generated products) markets is overheating. In Asia, where strong economic growth continues, Japanese, U.S., and European financial institutions are developing a struggle for markets. the United States is refining the development of leading-edge derivatives products, so competition aimed at high advancement of risk management has also been spurred. At the same time that European forces are gradually catching up with the United States, they have also begun to grope for their own path. This kind of growth of derivativess is rocking the existing order of international financial markets. We shall begin by reporting from the front line of Southeast Asia, which is seething with the rush of Japanese, U.S., and European banks and securities firms to enter the market.

Japanese, U.S., and European specialized derivatives units are landing in succession at Hong Kong, which is becoming more lively as a point of access to China's economy.

The imposing appearance of the main office of the Hong Kong Shanghai Bank stands out in the cluster of high-rise buildings in the financial district. The number of derivatives specialists who have come to new appointments here from branch offices in New York and London since July is about 30. This summer the Hong Kong Shanghai Bank integrated the market department of its investment bank subsidiary and expanded its dealing room to 120 persons. The aim is to strengthen its capacity to provide derivativess to customers.

Estimating Expansion of Demand

In June of this year England's Barkleys Bank divided the Asian Derivatives Department which it had begun at its Tokyo Branch and also established a specialized department in its Hong Kong branch. The persons in charge came to new appointments from New York and Tokyo.

Hong Kong attracts derivatives specialists because investment by Japanese, U.S., and European companies and so on which set up bases in Hong Kong with the aim of expanding operations to China has increased rapidly, and accompanying this, demand for advanced financial techniques has grown stronger. While on the one hand, local companies with a flourishing demand for capital seek currency swaps and options in order to avoid the rate-fluctuation risk of procured capital, U.S. and European investors are expanding Asian investment through such things as equity swaps.

Because of the construction boom with such things as the project for a new airport, demand for securitization of real estate obligations has sprouted. In May of this year Salomon Brothers Asia Securities handled the securitization of the housing loans of a certain Hong Kong bank, and put on sale at HK$350 million [Hong Kong dollars] the first Hong Kong dollar mortgage-backed security (MBS). The MBS was a derivative which contained the option of redemption before maturity. Barkleys Bank also says it "will issue its first" within this year," (Peter Yam, director, Capital Market Department).

Edmond Ype, who is in charge of financial affairs for Chang Jiang Industries, Hong Kong's largest conglomerate says: "There is a constant stream of feelers from banks about swap transactions." Prominent Hong Kong companies San Hongkai and Wharf issued samurai bonds (foreign bonds in yen denominations) for the first time in May and August respectively, and changed capital which they had raised into Hong Kong dollars by currency swaps. Several companies in addition to this are judged to be in the midst of studying the issuing of bonds overseas, and the person in charge of swaps for the bank pays daily visits to prominent overseas Chinese companies.

The Problem Is Securing Talented Staff

Derivatives have expanded not only in Hong Kong but throughout Asia.

The "currency-basket options" that Citibank began selling this year are receiving one inquiry after the other from such entities as airline companies whose income within Asia has increased rapidly. It is a product which avoids en masse the fluctuation risk for such Asian currencies as the Thai bhat and the Malaysian ringgit, and at times covers over 10 currencies.

Not wishing to miss the bus, Japanese banks are also rapidly strengthening their setups. Following after Sumitomo Bank, which opened a Hong Kong branch of its British derivatives subsidiary in 1991, five city banks such as Sanwa Bank and Sakura Bank established swap office Hong Kong bases. Mitsubishi Bank is establishing a local securities corporation, and the Bank of Tokyo and long-term-credit banks are establishing branch offices as frontline bases.

Statistics are incomplete, but Managing Director Junko Kotaka of Sakura Global Capital Asia says: "The scale of the Asian derivatives market is about one-fifth that of Japan. The growth rate is above average, and the rate of return is higher than that of Japan."

"I want to borrow $30 million for factory expansion for a term of five years; how much will the interest be if I change it to Indonesian rupiahs by a swap?" Inquiries like this from local corporations of Japanese machinery and automakers come in succession to branches of Japanese banks throughout Southeast Asia. At every branch they summon derivatives specialists, and are absorbed in training those in charge of operations. The persons in charge of operations at the swap offices of Japanese banks fly around from the Republic of Korea in the north, to New Zealand in the south and India in the west.

Swap offices related to Japanese banks are displaying strength with Japanese companies and in derivatives involving yen, but the task in terms of gradually catching up with the U.S. and British forces that are ahead of them is to "secure talented staff who have a thorough knowledge of both derivatives and Asian markets" (President Osamu Oike of DKB Financial Products).

The Hong Kong branch of Sumitomo Bank Capital Markets (SBCM) began regular recruitment of new graduates at the University of Hong Kong and so on two years ago. This spring it hired Thais, and next year it will also add South Koreans. But U.S. and European forces are also building up their organizations, so the battle to attract talented staff has intensified, and the personnel cost of the talented staff that constitutes intensive-warfare capability has increased sharply. Because of experience studying in the United States and so on, Hong Kong white-collar workers who can use English and Cantonese also have a tendency to prefer U.S. banks, so Japanese banks are racking their brains.

Another key to succeeding in the Asian derivatives business lies in "how to ingratiate oneself with the wealthy individual class" (Stewart Gulliver, chief of the International Finance and Capital Markets Headquarters of the Hong Kong Shanghai Bank).

Numerical Inferiority of Japanese Banks Stands Out

The "certificates of deposit with digital option" which the Hong Kong Shanghai Bank issued for the first time in July were all sold in the twinkling of an eye, mainly to such local individual investors as Overseas Chinese. It is an arrangement by which the interest is 14 percent while the yen and the Hong Kong dollar fluctuate within a fixed range; if they exceed this range, the interest falls to 2 percent.

Alistair Nicholson, who is in charge of the stock derivatives department of Lehman Brothers Asia Securities says: "The latest hit creation is a product-link bond whose return is linked to the price of precious metals. It is easy to handle because Asian investors are familiar with precious metals and stock markets." Demand for swaps of stock prices and interest, such as Hansen's index, is also deeply rooted.

However, the numerical inferiority of Japanese banks in this field cannot be denied. There are some Japanese banks which, like Sanwa Bank, try to make inroads on the owners of local mainstay companies by developing a network of seven branch offices in Hong Kong, but the actual situation is that, at present it is almost a sphere of unrivaled activity for the U.S. and European banks, which lead in capacity to issue products and in private bank business.

Redirecting Flow of Funds

952A0148B Tokyo NIKKEI KINYU SHIMBUN in Japanese 21 Oct 94 p 1

[Part four of five-part series by NIKKEI KINYU SHIMBUN Derivatives Reporting Team: "Changing Market: Creates New Flow of Capital"]

[FBIS Translated Text] "We have lent all the bonds we are holding to foreign companies." The person in charge of investment for a certain provincial credit union disclosed this to me. By lending the bonds, the credit union can obtain a lending fee, and as a result can increase the return on the bond investment. The bonds were loaned to London via a foreign securities firm, and are activating derivatives trading involved with such things as Nikkei Average futures and options.

Breaking Down the Fences of National Borders

Japanese capital and stocks are being rapidly incorporated into the international derivatives market via foreign securities firms which are putting effort into the business of linking Japanese, U.S., and European derivatives markets.

The funds of Japanese investors and overseas derivatives markets are now inseparable. Japanese financial institutions, too, have embarked on obtaining the business of intermediaries between Japanese money and derivatives. Beginning in early summer of this year, Daiwa Securities Co., Ltd. issued a new type of Eurobond in cooperation with a prominent U.S. consulting firm, Pacific Investment Management Company (PIMCO), and is also marketing it to domestic investors.

It is an arrangement in which the two companies establish a bond-issuing company and an investment company in the Cayman Islands, the bond-issuing company buys the stock of the investment company and issues Eurobonds with that stock as security. For investments, in addition to such things as U.S. Government bond futures, they are using many such U.S. derivatives as bond index swaps.

Cases have also begun to appear in which derivatives begin to create a new flow of investment funds and end up changing the very structure of international markets. The Swiss market for Japanese warrant bonds (corporate bonds with an equity warrant) is a typical example; and an incident which symbolizes this occurred recently.

To a Behind-the-Scenes Star

The behind-the-scenes star that supported the Swiss Japanese-warrant market for the past several years was derivatives. In the 1990's Japanese stocks fell, causing investors to abandon Japanese bonds, so it had become difficult to maintain the market with only Swiss money. What appeared at that point were hedge funds which put derivatives to full use. They bought only the warrant part of warrant bonds, which is a kind of option, from such firms as Morgan Stanley and were using it as leverage in capital investment.

But toward the end of September Morgan Stanley stopped pricing Japanese warrant bonds, and in response to this, the price of Japanese warrant bonds collapsed on every currency market. The reason for ceasing to price was that issuing of bonds declined suddenly and the amount of business also became stagnant because of April's changes in the accounting system, and a shock ran through the market that: "our conduit to hedge funds is lost because of this," (Swiss local corporation of a first-tier city bank).

Influenced by this, the warrant bonds of Gastec Service, which began its flotation after this incident, had no choice but to raise its nominal interest rate by 0.375 percent compared with the nearest warrant bonds. It testifies to the size of the influence exerted by the change of the market structure to a type which depends upon derivatives.

The business of Japanese banks that expanded operations to Switzerland has also begun to change. In the Mitsubishi Bank of Switzerland's revenue for 1993, derivatives-connected revenue exceeded revenue from underwriting. Underwriting business has traditionally been the pillar of the Swiss local corporation, but derivatives are about to take its place.

The change in the nature of international markets because of trading in derivatives has already begun to also be a problem for financial authorities which they cannot ignore. The Bank for International Settlements (BIS), which is pursuing trends in international financial markets, strengthened its research and analysis of derivatives markets, and beginning with the latest issue (published in August) of its "Seasonal Report on International Finance," added an item on analysis of derivatives. It reported that the amount of transactions on the world's futures exchanges in the second quarter of this year reached the highest level in history, and that swap-connected transactions accompanying the launching of Eurobonds have also increased rapidly.

"The 'Americanization' of finance by expansion of derivatives is spreading in world markets, and the result is that violent fluctuations of rates have become intense." Roger Kuvarich (vice president of the Henry Kaufman Company), a former senior economist for the Federal Reserve Bank of New York, recently pointed this out at a symposium held in Tokyo, and proposed that: "an international agency should be created which would try to harmonize regulations."

In contrast to this, Director Toshihiko Fukui of the Bank of Japan pointed out that: "The essence of the change in financial markets is the two points of mutual dependence because of internationalization and a change to more advanced market functions because of technological innovation." He praised it, saying: "One cannot pass judgment now on how derivatives will change markets, but, personally, I judge that arbitration of interest became active, and the change to greater market efficiency progressed." Voices praising the positive aspects of derivatives in the manner of Fukui are also strong among currency authorities.

Correcting Distortions

The essence of derivatives lies in using new financial techniques to fill holes in markets which cannot be covered fully by spot transactions. If distortions are created in transactions by such things as regulations or time differences, or changes in the balance among currencies, business is produced in the form of correcting them, so new markets are created, or new currents of capital are formed. The ground-swell of derivatives which rises because of intensification of competition is changing international financial markets, and it is about to gobble up the Japanese market.

Decision Delayed on Military Aircraft Purchase

OW1612131594 Tokyo KYODO in English 1258 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—A cabinet-level committee appointed to select Japan's next generation of multipurpose, military aircraft failed to reach a conclusion Friday evening [16 December] and decided to continue deliberations Saturday.

The government is planning to include the purchase of two aircraft, code-named UX, in the fiscal 1995 budget and the four-member selection panel is considering budgeting for the aircraft without specifiying its selection.

The government has reportedly favored the purchase of the U.S.-made Gulfstream, but questions surrounding the selection process have resulted in repeated delays.

Chief Cabinet Secretary Kozo Igarashi said after Friday's session, "a number of proposals have been put forth, but it's difficult technically."

"It has been fairly well boiled down, so it should only take a little more time," Finance Minister Masayoshi Takemura said.

Igarashi, Takemura as well as Foreign Minister Yohei Kono and Defense Agency Director General Tokuichiro Tamazawa have been named to select the plane.

The Defense Agency reportedly picked the Gulfstream in August over two other candidates, the Falcon 900 from France and the Challenger 601 of Canada, but charges were raised that the selection process was too opaque.

The UX, which would be used as a midair command base for transporting very important persons (VIPs) and supervising military drills, would replace the aging fleet of six-person B-65s and is expected to cost 3 billion yen per plane.

Deregulation Sought To Promote Exchanges With U.S.

OW1612031394 Tokyo KYODO in English 0209 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—A group of Japanese and U.S. experts urged the Japanese Government Friday [16 December] to approve tax-deductible donations and take other deregulatory measures to facilitate private-level exchanges.

The 12-member Oiso Kenkyukai said in a report to the Prime Minister's Office that legal and bureaucratic impediments are hampering such exchanges in academic and other areas despite Japan's campaign to internationalize itself.

"Without deregulation, the number of exchanges and level of activity of exchange organizations in Japan will remain pitifully small by international standards," the report said.

The report cited four problem areas in Japan—difficulty in winning legal status, tough visa requirements, the guarantor system and regulations for tax-deductible donations—that its authors said are preventing exchanges between Japan and the United States.

The 12 exchange experts include Tadashi Yamamoto, president of the Japan Center for International Exchange and the group's spokesman, and Carolyn Yang, former director of the Japan-U.S. Educational Commission.

MOF Reports Increased Trade Surplus in Nov

OW1612090894 Tokyo KYODO in English 0826 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—Japan's merchandise trade surplus in November climbed 15.5 percent from a year before to 8.55 billion dollars, showing the first upswing in four months, the Ministry of Finance [MOF] said Friday [16 December].

A ministry official attributed the rise to "torrential" shipments to Europe.

In terms of volume, overall imports rose for the 19th month in a row but that was more than offset by "a significantly large increase" in exports, especially auto shipments to the European Union (EU), the official said.

"The latest reading does not require an assessment change for the overall undertone of Japan's black ink, which dropped for three months in a row until October," the official said, attributing the surge in EU-bound shipments to a "reaction" phenomenon.

The official said Japan's customs-cleared trade surplus with the EU in the reporting month soared 27.6 percent from a year before to 1.27 billion dollars, scoring the first increase in 11 months.

Overall exports climbed 21.1 percent to 34.42 billion dollars, while imports grew 23.1 percent to 25.86 billion dollars.

The trade surplus with the United States, which fell for the first time in eight months in October, turned higher during the reporting month for a gain of 20.4 percent to 5.17 billion dollars.

In November, the dollar stayed at an average 97.41 yen against 107.80 yen a year before.

In November, Japan's import volume surged 18.2 percent, scoring a double-digit increase for four months in a row, the ministry said.

Export volume saw a 10.7 percent climb, rising above the 10 percent level for the first time since a 13.0 percent gain registered in March 1989, it said.

In the reporting month, auto exports to the eu jumped 60 percent in volume, reflecting the economic recovery in the common market, the official said.

EU-bound overall exports surged 29.3 percent in dollar terms while imports rose 29.9 percent, the ministry said.

On the same currency basis, U.S.-bound exports gained 17.8 percent and imports rose 15.3 percent, the ministry said.

During November there was brisk demand for information equipment, such as personal computers and video games, in the United States and Europe ahead of Christmas, the official said.

Japan's cumulative trade surplus in the January-November period totaled 108.18 billion dollars, up 0.8 percent from a year before, he said.

On a yen basis, Japan's exports in November grew 9.4 percent to 3,352.48 billion yen and the imports 11.2 percent to 2,519.41 billion yen, leaving a trade surplus of 833.06 billion yen, up 4.3 percent for the first increase in five months.

The yen-based trade surplus with the EU surged 15.3 percent, the first year-on-year growth in 22 months, the ministry said.

The surplus with the U.S. increased 8.8 percent, the first rise in four months, it said.

On a dollar basis, Japan's credit with other Asian countries rose 36.0 percent—a 28.1 percent rise in exports and a 24.3 percent growth in imports. Japan thus posted the sixth running month of yearly gains in its trade surplus with Asia.

A product-to-product breakdown showed exports of prime movers soared 39.5 percent in dollar terms during November.

Other items that scored large export gains were semiconductor chips with a 35.2 percent rise and automobiles with 21.9 percent.

Among import items, marine resources saw 22.2 percent growth, crude oil a 19.7 percent gain and clothing a 23.5 percent increase, the official said.

First Group of SDF Personnel Leaves Zaire

OW1512093194 Tokyo KYODO in English 0900 GMT 15 Dec 94

[FBIS Transcribed Text] Goma, Zaire, Dec. 15 KYODO—The first group of Japanese Self-Defense Forces (SDF) troops stationed at this Zairean border town ended three months of relief efforts for Rwandan refugees Thursday [15 December] and departed for Japan.

A total of 120 troops, from the total dispatch of 260, boarded two Japanese C-130 transport planes that will fly to the Kenyan capital of Nairobi where they will board civilian flights and travel via London to new Chitose airport on Japan's northernmost island of Hokkaido on Sunday, SDF members said.

The remaining 140 troops are scheduled to leave Goma on Dec. 20 after sending weapons and other equipment back to Japan.

The SDF mission, which started Sept. 23 for a lead group and on Oct. 2 for the main body of troops, assisted with medical duties, water supply and vaccinations at the National Goma Hospital, helping with the treatment of more than 2,000 refugees and in 72 surgical operations.

During their water supply operations, which have been taken over by German nongovernmental organizations, the SDF troops provided an average of 1,200 tons of water a day to the refugee camps.

The SDF contingent will conclude relief operations in Goma on Saturday, excluding providing medical treatment in regional hospitals and giving medical instructions to local staff.

Rwandan Leader Criticizes SDF Mission

OW1612063994 Tokyo KYODO in English 0542 GMT 16 Dec 94

[FBIS Transcribed Text] New York, Dec. 15 KYODO—Rwanda's most powerful leader Thursday [15 December] criticized Japan's Self-Defense Forces (SDF) mission to aid Rwandan refugees in Zaire as assistance from a safe place.

Paul Kagame, Rwanda's vice president and defense minister, said in a press conference the SDF mission was staying in a safe and easy place and did not come to Rwanda to help people in a difficult situation.

The commander of the Rwandan Patriotic Front, which took power in July, said he did not know what the SDF personnel were doing in a refugee camp at a Zairean town of Goma near the border with Rwanda.

They stayed in Goma because they believed they would be safer there than in Rwanda, he said.

What is important is to save people seeking help in difficult places, not to supply aid from an easy place, he said.

Nearly half of the 260 SDF personnel have already left Goma, eastern Zaire, and the remaining personnel are scheduled to leave the town on Dec. 20, concluding Japan's three-month relief mission for Rwandan refugees.

The security conditions in Goma remain bad, and the SDF commanders are concerned they could become easy targets after the number of their troops shrinks. The remaining personnel conducted drills Thursday.

Foreign Ministry Opposes SDF Dispatch to Golan

OW1612134894 Tokyo ASAHI SHIMBUN in Japanese 14 Dec 94 Morning Edition p 2

[FBIS Translated Text] Behind the cabinet ministers' expression of reservations about sending a government survey team on UN peacekeeping operations (PKO) in the Golan Heights at an informal cabinet meeting on the morning of 13 December is the desire to restrain the Foreign Ministry's overenthusiasm. The ministry believes that "to continue with PKO dispatches is a desirable foreign policy." The ministers also wanted to "take back" leadership in PKO policymaking "from the bureaucrats to the politicians." With the cabinet members' opposition, Foreign Ministry officials are now concerned that there could be a delay in the dispatch schedules.

The Foreign Ministry has decided on sending a survey team as early as January 1995. The reasons why the ministry insists on sending Self-Defense Forces [SDF] to the Golan Heights are: 1) PKO in this area has a long history; it would be a good chance to demonstrate Japan's contribution to the international community; 2) the situation in this area is relatively stable, and there will be little danger for the support troops; 3) the belief that the period wherein Japan is not engaged in any PKO should be kept to the minimum. Moreover, there is also the consideration that Japan, which wants a permanent seat in the UN Security Council, needs to accumulate more achievements in international contribution.

Against this, the calls for caution voiced at the informal cabinet meeting on 13 December were based on the following concerns: 1) regular PKO dispatches may lead to an escalation in armament to heavy weapons; 2) dispatches to the Golan Heights are expected to last a few years; depending on changes in the Middle East situation, the dispatched troops may become involved in a dangerous situation; and 3) it is not appropriate to go ahead with plans based only on the Foreign Ministry's thinking; if a survey team is to be sent, the ruling parties should also be involved in decisionmaking.

Members of the ruling parties are divided between those favoring and those against SDF dispatch to the Golan Heights. Some members have even come up with the idea that "guidelines on PKO dispatches, such as limiting them to the Asian region, should be considered," (according to a senior Social Democratic Party of Japan official). At the ruling parties' liaison meeting on defense on 13 December, certain participants supported SDF dispatch to the Golan Heights, saying, "If we are sending any troops, we should not wait until it is too late." Coordination within the ruling parties is expected to take some time.

Aid for Iraq Via International Groups Recommended

OW1612101494 Tokyo KYODO in English 0949 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—Long-standing UN economic sanctions against Iraq are hurting the children, elderly and sick, and Japan should extend humanitarian help through international organizations, a lawmaker and a scholar said Friday [16 December].

Takashi Kosugi, member of the Liberal Democratic Party, and Nobuhiko Shuto, a professor at Tokai University, told reporters they made the call after recent trips to Iraq, during separate meetings with Prime Minister Tomiichi Murayama and Foreign Minister Yohei Kono.

Kosugi and Shuto were in Iraq for three days earlier this month to attend an international symposium in Baghdad and view the effects of the sanctions.

After meeting with officials in Baghdad and visiting hospitals, they learned that medical equipment, medicine and food are severely lacking while epidemics such as cholera are spreading.

According to Iraqi statistics, nearly 500,000 people have died since 1990 due to the sanctions, which were imposed after Baghdad's troops invaded Kuwait in August 1990, they said.

The two called on the Japanese Government to urge the United Nations to conduct a survey of the effect of the sanctions as soon as possible and to create specific guidelines for medicine and food, which are excluded from the sanctions list.

Japan should also urge UN Secretary General Butrus Butrus-Ghali to appoint an official in charge of sanctions to observe and advise on their effectiveness and fairness, they said.

They urged Japan to send a fact-finding mission of government officials, lawmakers and experts to countries under sanctions to hammer out government policy on such sanctions, they said.

They also suggested that Tokyo, upon talks with the UN, extend humanitarian aid of medical goods and food to Iraq through international organizations and nongovernmental organizations.

Tripartite Talks on DPRK Nuclear Program Begin

OW1612033894 Tokyo KYODO in English 0257 GMT 16 Dec 94

[FBIS Transcribed Text] San Francisco, Dec. 15 KYODO—The United States, Japan and South Korea started the second round of talks Thursday [15

December] over the proposed joint aid to supply North Korea with safer light-water nuclear reactors, officials said.

Discussions by senior officials of the three countries at the two-day conference are expected to focus on details of the Korea Energy Development Organization (KEDO), an international consortium for the reactor project.

The officials will discuss KEDO and the quotas for the funds the three countries should provide for the consortium, which will be created in line with the U.S.-North Korea nuclear agreement reached in October.

In the agreement, the U.S. pledged to arrange an international consortium to raise funds for the supply of modern nuclear reactors in return for North Korea's promise to scrap its nuclear facilities.

The pact requires a contract with North Korea over the light-water reactor project to be concluded within six months.

At the first meeting in November in Washington, the details for the project were not discussed, a Japanese Foreign Ministry official said.

"We will need to meet a couple of more times" to work out a detailed blueprint for the consortium, the official said.

KEDO is expected to be launched in January at the earliest.

U.S. Ambassador-at-Large Robert Gallucci, who is in charge of North Korean nuclear issues, has expressed hope for the launching of the project early next year, and said he will be able to reveal a more accurate timeframe after the talks.

A U.S. State Department official said Gallucci will visit Japan, South Korea and China in January to discuss the KEDO project with officials there.

After his Asian swing, Gallucci will travel to Europe and Russia for similar consultations, the official said.

The special U.S. envoy reportedly wants "10 to 12 countries," including the U.S., Japan, South Korea, Russia and China, to join the consortium.

Kono Vows Close Consultations on Foreign Policy

OW1612051994 Tokyo KYODO in English 0437 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—The Foreign Ministry will continue to hold close consultations with the ruling coalition parties on important foreign policy matters, Foreign Minister Yohei Kono pledged Friday [16 December].

Kono's remarks follows criticism by cabinet ministers earlier this week of a Foreign Ministry plan to send a study mission to the Israeli-occupied Golan Heights, and a request Thursday for closer consultation by the ruling parties' Committee on Foreign Policy Coordination.

Kono told a press conference he promised to keep consulting the ruling parties after demands voiced by some cabinet ministers during an informal meeting of ministers after the cabinet meeting.

Kono quoted Labor Minister Manso Hamamoto as repeating views offered by the ruling parties' foreign policy committee Thursday questioning Japan's abstention from a recent vote in a UN committee on a draft resolution regarding nuclear weapons.

The Indonesian-proposed draft resolution called for urging the International Court of Justice (ICJ) to give an advisory opinion on the legality of the threat or use of nuclear weapons.

Kono said he replied that Japan abstained because the resolution would only deepen the gap between the non-aligned countries and other countries and that it is not the best measure to take for the ultimate abolition of nuclear weapons.

In a letter to Kono on Thursday, the ruling parties' committee headed by Naoki Tanaka questioned the ministry's handling of some recent matters, including the abstention from the voting, and urged the ministry to make further consultations with the committee before making decisions.

The letter questioned whether it was correct for Japan, as the only country to have suffered atomic bombings, to abstain from voting on the resolution.

The committee also called for further consultations on peacekeeping operations before making any judgment, reflecting opposition by cabinet ministers earlier this week to the planned dispatch of a government mission to the Golan Heights to weigh Japan's participation in a UN peacekeeping mission there.

The ministers criticized the Foreign Ministry for "taking it for granted" that Japan join every peacekeeping operation it is requested to participate in by the United Nations.

Kono said Thursday that Japan has declined "quite a few" requests to join peacekeeping operations, such as the one in Somalia and the one in Bosnia-Herzegovina in former Yugoslavia.

He also said he believes the ministry has never bypassed consultations with the Prime Minister's Official Residence or the ruling parties before making decisions on important foreign policy matters.

In other areas, the committee urged the ministry to make sure Japan's guidelines for extending Official Development Assistance (ODA) is adequately implemented.

EPA Urges Free Trade With Developing Nations

OW1612031494 Tokyo KYODO in English 0222 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—Industrialized countries should not limit imports from developing economies as this will not help reduce unemployment in the advanced nations and will have an adverse effect on the world economy, the Economic Planning Agency [EPA] said in a report released Friday [16 December].

Industrialized nations' imports of manufactured goods have been expanding and the ratio of such imports from developing economies has been on the rise, the agency said in its White Paper on the World Economy 1994.

For example, the ratio in value of U.S. imports from member countries of the Organization for Economic Cooperation and Development (OECD) to its total imports dropped from 72 percent in 1970 to 58 percent in 1992. In Japan, the ratio fell from 54 percent to 48 percent.

The combined number of unemployed in OECD countries increased from 10.3 million in 1970, equivalent to an unemployment rate of 3.4 percent, to 32 million or more, a rate of 7.8 percent, in 1993.

"We cannot deny the possibility that the rise in imports from developing countries has worked to reduce the employment of unskilled workers in industrialized nations," the agency said. But it added that the impact has been limited.

In some industrialized countries, the rise in real wages slowed or real wages dropped in the 1980s. But the agency said, "It can be said that the rise in imports from developing economies has had fewer effects on real wages."

Restrictions on imports from developing countries are not an appropriate measure to solve unemployment in the industrialized world because the problem is basically a structural one, the agency said.

The agency explained that the unemployment problem in Europe can be attributed mainly to high social security benefits and stiffening wage changes. The problem in the United States is due to the fact that unskilled laborers cannot ride on the bandwagon of rising employment opportunities in the skilled labor market.

If industrialized nations restrict imports from developing economies, it is expected to weaken competition in industrialized countries, paving the way for inefficient industries to survive, the agency said. It said, "The restriction is expected to stop exports—the driving force of developing economies, bringing about unfavorable factors for the sustained growth of the world economy."

To ensure and produce employment opportunities, industrialized countries should promote review of employment-related policies, deregulation measures and reduction of budget deficits, while maintaining stable growth without inflation through adequate macroeconomic policies, the agency said.

Meanwhile, the agency said that the world economy strengthened its expansion pace in 1994. In last year's white paper, it said the world economy is picking up, but lacks signs of strong growth.

The U.S. economy continues to post growth at a higher pace than potential growth capability in late 1994, the agency said. It said that backed by increased exports to the United States, the economy in Western Europe is recovering.

The economies of Asian newly industrializing economies (NIEs) and the Association of Southeast Asian Nations (ASEAN) are growing due mainly to brisk domestic demand and favorable exports to the Asian region, according to the agency.

The agency said that the economic performance of such emerging economies, including Asian NIEs, ASEAN, Vietnam, India, Central and South American nations and some East European countries, has common features—expansion of exports, a rise in investment and improvement of productivity.

As policy factors accelerating their economic growth, the agency said that the emerging economies succeeded in keeping inflation under control by refraining from printing money and maintaining prudent financial policies. It said that the economies shifted from protectionist economic policies to market-oriented ones.

The agency also attributed their economic growth to introduction of outward-looking policies, including liberalization of trade, rectification of overvalued exchange rates and easing of restrictions on foreign companies.

As a result, labor-intensive industries, whose potential competitiveness has long been adversely affected by industries that have been protected by regulations, were able to expand exports and attract direct investment, it said.

Ministerial Meetings Begin on FY95 Budget

OW1612111294 Tokyo KYODO in English 1053 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—Ministerial meetings on the fiscal 1995 national budget began Friday [16 December], marking the onset of full-fledged talks toward the final compilation by the government Dec. 25.

The yearly event was kicked off by a meeting between Finance Minister Masayoshi Takemura and International Trade and Industry Minister Ryutaro Hashimoto.

Hashimoto called for large budgetary appropriations for corporate restructuring efforts and creation of new business by promising small firms.

On Saturday, Takemura will meet with Agriculture, Forestry and Fisheries Minister Taichiro Okawara to work out a budgetary framework for farm spending, especially financial assistance to rice growers to be affected under the Uruguay Round accords.

A meeting between Takemura and Defense Agency Director General Tokuichiro Tamazawa is also set for Saturday, with attention on a further squeeze of the agency's requested 0.9 percent growth.

On Sunday, talks will be held on allocations for a 10-year welfare program for the elderly and outlays for local governments.

How to carry out the politically sensitive bullet train expansion project will be discussed by Takemura and Transportation Minister Shizuka Kamei on Monday.

The Finance Ministry is believed reluctant to earmark the budget for the project next year, citing lack of financial sources.

The scale of the general-account budget for fiscal 1995, starting in April, is expected to be decided Monday afternoon, Finance Ministry sources said.

Based on coming ministerial talks, the Finance Ministry plans to formulate the draft budget Tuesday. Then, further talks will be held on working, vice ministerial and ministerial levels in bids to win a lion's share of adjustment funds.

The government's budget will be compiled Dec. 25.

Government Defends Makeshift Measures in Budget

OW1612105494 Tokyo KYODO in English 1014 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—An advisory body to the finance minister Friday [16 December] attempted to justify the dependence on temporary makeshift measures and construction bond issues as a way to avoid deficit-covering bonds in compiling the budget plan for fiscal 1995.

In a recommendation presented to Finance Minister Masayoshi Takemura, the Fiscal System Council said special measures to cut government expenditures are necessary, though within limits, considering the severity of current financial conditions, since deficit-covering bond issues should be strictly avoided.

For fiscal 1995, starting April 1, the suspension of annual fixed-rate transfers from the general account to the national debt consolidation fund for redemption of past government bonds issues is unavoidable, as is the postponement of repayments to make up for the loss in the fiscal 1993 account, the council said.

In view of the need to put the economy on the path of stable recovery as early as possible, an increase in construction bond issues is also unavoidable to continue steadily implementing investments in public works projects, it said.

At the same time, the council called for efforts to lower the bond dependency ratio, or the percentage of public bond issues to total revenues, as much as possible based on the government's medium-term financial targets.

For defense expenses, the council called for rationalization and efficiency on a broad front, including possible burdens for future generations, in light of the post-Cold War international situation and the tight fiscal conditions, among others.

It also urged a reduction in the growth of expenses for official development assistance (ODA), emphasizing priority on content and further productive implementation rather than quantitative expansion.

The government should continue reviewing priorities in the allocation of the public works budget with greater emphasis on domestic affairs, while steadily implementing the planned agricultural measures to assist farmers affected by the market opening required under the Uruguay Round global trade pact, the council said.

It pointed to the importance of reducing the costs of public works projects as much as possible by strictly implementing the ongoing reform of bidding and contracting systems.

Council chairman Shoichiro Toyoda said at a press conference after the day's plenary session that the present fiscal conditions are "crucial," referring to massive outstanding government bonds worth nearly 200 trillion yen.

He suggested that, in such circumstances, the government should follow the example of private firms.

"It is a priciple of private companies not to borrow so much that they are up to their necks in interest payments," Toyoda said.

Asked about the causes of public debts, Toyoda said few people have so far recognized the seriousness of fiscal deficits in Japan, while at the same time many criticize U.S. budget deficits.

Not only politicians and government officials but also the general public must understand the present situation well, he said.

"There remains room for improvement," in reducing government expenditure, Toyoda said, urging cuts by thoroughly checking costs.

He called for constant efforts to recover and improve the fiscal condition of Japan as soon as possible so as to hand over sound finance to future generations.

KYODO Provides Table of Diet Strength

OW1512110694 Tokyo KYODO in English 1035 GMT 15 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 15 KYODO—The following is the table of parliamentary strength of parties in the House of Representatives that emerged following the formal registration of Shinshinto (New Frontier Party) on Thursday [15 December]:

House of Representatives	
Ruling Coalition	
LDP	200
SDP	72
New Party Sakigake	21
Opposition	
Shinshinto	178
JCP	15
New Democratic Club	5
Independents	17
Vacancies	3
Total	511

'Shadow Cabinet' To Prepare for Government Change

OW1612081294 Tokyo KYODO in English 0654 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—The chief of the fledgling opposition party said Friday [16 December] the shadow cabinet his Shinshinto (New Frontier Party) plans to launch by the end of the year will serve as a weapon to wrest the reins of government from the ruling coalition.

"The purpose of the launching of the shadow cabinet will be to prepare for snatching power for the benefit of the people," Toshiki Kaifu said at a press luncheon.

Shinshinto, a party established last Saturday through the merger of nine opposition forces, aims to pursue a politics that all people can participate in for their own sake, Kaifu said.

"With a citizen-participating political approach, we want to achieve a one-plus-one-makes-more-than-two effect, rather than simply one-plus-one-makes-two," he said.

Kaifu said the newly established opposition party will challenge the coalition government of Prime Minister Tomiichi Murayama to policy debate.

"One of our big political goals is to stimulate parliamentary debate," he noted.

Kaifu also renewed a call for an early general election, because he said the current governing coalition does not reflect the outcome of the July 1993 elections.

The Murayama administration, comprising the conservative Liberal Democratic Party (LDP), Murayama's Social Democratic Party [of Japana] and New Party Sakigake [Harbinger], "should ask for the opinions of the people as soon as possible," he asserted.

Kaifu, who served as prime minister at the head of an LDP government, bolted the LDP in June this year and lost a bid for the premiership to Murayama.

With the birth of Shinshinto, the second largest political party after the LDP, moves toward a full-scale reconfiguration of the political parties is expected to be accelerated.

Contractors To Resume Political Donations

OW1612034094 Tokyo KYODO in English 0324 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—Major general contractors will soon resume political donations that have been suspended since the outbreak of a bribery scandal last year, their organization reported Friday [16 December].

The Japan Federation of Construction Contractors said 300 million yen will be donated to the Liberal Democratic Party, the largest of three ruling coalition parties, while 150 million yen will be earmarked for the newly formed Shinshinto (New Frontier Party).

The federation is formed by 60 large and medium-standing contractors.

The federation suspended political donations after a number of large and medium-sized contractors have been prosecuted in connection with bid-rigging cases and money scandals involving politicians.

The federation said individual members will be asked to deposit their share of donations at banks designated by the two parties.

Some industry groups and individual enterprises, including oil refiners and automakers, have decided to resume political donations independently because the Federation of Economic Organizations (Keidanren) has refused to channel their funds to political parties.

Chief Cabinet Secretary Kozo Igarashi, a member of the Social Democratic Party, part of the ruling coalition, urged industry groups and businesses to halt donations to political parties that will receive taxpayers' money as government subsidies, starting next year.

Construction Minister Koken Nosaka expressed strong displeasure over the decision and said he would ask the federation to reconsider it.

He told reporters the federation should exercise restraint in view of the harsh public sentiment against the scandal last year.

Nosaka said the decision by the federation and other industry groups would negate the law providing for the official subsidies to political parties.

He quoted Foreign Minister Yohei Kono, who is president of the LDP, as saying the party will deal with the matter carefully.

Hashimoto Says MITI To Tackle Manpower Problems

OW1612045394 Tokyo KYODO in English 0425 GMT 16 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 16 KYODO—The Ministry of International Trade and Industry (MITI) plans to set up a task force to study employment problems stemming from the ongoing economic restructuring in Japan, MITI chief Ryutaro Hashimoto said Friday [16 December].

"MITI needs to tackle the issue seriously," Hashimoto told a regular press conference. "I am prepared to head the proposed task force."

Hashimoto said the proposed organ is a MITI version of the government's panel in charge of manpower issues that may arise in the wake of industrial restructuring.

"The government panel was set up in a timely manner while MITI for its part should do its utmost to work out plans for new business creation," Hashimoto said.

On the fiscal 1995 budget to be appropriated for MITI, Hashimoto said he will hold a meeting with Finance Minister Masayoshi Takemura Friday afternoon.

Negotiations will focus on outlays designed to promote Japan's industrial restructuring and steps to rescue small companies affected by such restructuring, Hashimoto said.

Until last year, budgetary negotiations on a ministerial level had been held after the compilation of the Finance Ministry's draft national budget.

Importance of Consolidated Financial Statements

Management Decisions on Entire Group

952A0107A Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Oct 94 p 1

[Article by Toyoki Sakata, Tokyo Securities Department reporter: "Individual Financial Statement Different From Actual Situation"]

[FBIS Translated Text] *Along with the acceleration of activities to move manufacturing bases overseas to handle the strong yen, it has become difficult to grasp the actual situation of firm operation by the individual financial statement of the parent company. These days there are numerous firms that are making management decisions based on consolidated financial statements that target the entire group. Under the current individual financial statement centered system, discrepancies between the actual situation and financial statement figures become wider. Various distortions appear in management as well. There are increasing calls for moving to an accounting system that revolves around consolidated financial statements.*

Adjusting Local Inventories

"Inventories are increasing way too much. You must take immediate action to hold inventories to 2.5 month's worth of sales." Around the 10th of each month at Sony Chemicals, a maker of magnetic media, a flurry of instructions are sent to the overseas production subsidiaries from Senior Managing Director Ikuo Oikawa. Displayed on the screen of computers placed on desks in the office are reports of monthly consolidated profit and loss calculations from the previous months, profits or loss by product and by business, balance sheets, inventory status, in addition to which are the major financial indices such as turnover of assets, etc. Depending on the case, the display might include commentary or comparisons with other companies in the same industry.

The same information is sent to the computers of department managers on up at all the group companies, enabling individuals in charge at overseas subsidiaries to confirm Managing Director Oikawa's instructions while viewing their screens and take immediate actions. The consolidated financial statement system which began full operation in the autumn of last year is already displaying its power.

The aim of creation of this system was to handle overseas manufacturing, which increases annually. Beginning with the United States in 1989, local production was expanded and the overseas production figures in fiscal 1993 exceeded 20 percent of the group's sales.

Previously, it took more than three weeks before the consolidated monthly financial statement that included overseas bases were issued. As a result, according to Managing Director Oikawa, "Even if instructions were issued from the main company, sufficient actions could not be taken." He says that now it has become possible to make fine adjustments to overseas inventories by a unit 0.1 of a month.

Overseas manufacturing by Japanese firms is increasing at a rapid clip due to the sudden strong yen. According to a survey by the Export-Import Bank of Japan that targeted Japanese firms with overseas bases, the ratio of the local production quantity with respect to the total production is expected to reach 20 percent of the whole in fiscal 1996 (14.8 percent in fiscal 1992). There are also overseas subsidiaries that are earning more profits than their parent company. Even though they may not be such representative international firms as Sony Corp. and Honda Motor Co., the actual situation is that the real management conditions cannot be grasped without a consolidated financial statement.

Take, for example, leading electronic maker Rohm Corp. that produces at subsidiaries both domestically and abroad the majority of semiconductors which are its primary product. Around the middle of each month, a report consisting of more than 50 A4 size sheets called the DC (Direct Cost) Table is distributed within the company.

In the report, beginning of the month targets and actual results concerning marginal profit, fixed expenses, and operation indices on a consolidated financial statement basis per division for the previous month is included and has become the standard for evaluation of divisions. According to Senior Managing Director Masami Ikeda, "Conversations of directors and department managers are ordinarily on a consolidated basis. The only time the individual financial statement becomes a topic for discussion is during the biannual financial statement presentation."

The Main Company Is "Investor"

The movement to emphasize consolidated financial statements is not limited to firms that are developing overseas. Nippon Steel Corporation intends to start from the March term of 1995 to simultaneously issue its consolidated financial statement, which had been lagging more than two weeks behind the issue of the individual financial statement. In preparation for that it is hurriedly upgrading its accounting system. Also, in October it established an investment and loan committee consisting of directors in charge of financial affairs and a few department managers.

Although in 1987 it embarked on "compound management" and launched a new project with multiple subsidiaries, it was cursed by the attitude that subsidiaries were a dumping ground for excess personnel from the main company. Therefore, with the exception of the engineering project area, it was contributing almost nothing to earnings. In the future, it will boost investigation of new accounts and increase the efficiency of investors and loans to related companies through the investment and loan committee. Says Managing Director Tetsuo Seki: "The parent company is an investor that supplies funds to the subsidiaries. It checks ROE (return on equity) of the subsidiaries from the standpoint of the stock holder."

Evaluation Standard Changes

Kobe Steel Senior Managing Director Hiroshi Sugimoto says, "In about two to three years we want to release current profit and loss on a consolidated basis for the three divisions of steel, nonferrous metals, and machinery." That firm has been performing disclosure from the March term of 1991, and the aim is to cause penetration of cost awareness by disclosure of information that includes finance expenses related to each division.

In the world of securities analysts, which have influence on stock price formation, the emphasis on consolidation has penetrated even further. A direct example is SG Warburg Securities which, since October of this year, has begun a new trial of calculating the cash flow per share (adding depreciation expense to retained earnings) on a consolidated basis for 2,000 listed firms based on which the growth capacity, among other things, of firms is evaluated. According to Survey Department Manager Tom Hill, "There are many cases in a company's consolidated cash flow is plentiful and a its stock price will be firm even though its individual financial statement is sluggish."

Even Nomura Research Institute is bolstering emphasis on consolidated business reports by making the mid-term growth rate of consolidated profit a standard for selection of issues, among other things.

In fact, the discrepancy in total consolidated sales and total simple sales is getting larger each year, and in the fiscal 1993 financial statements, the number of total firms had consolidated sales that were more than 20 percent greater than their individual sales reached one out of three. It is becoming an age in which management judgment and evaluation standards of firms is focussing on consolidated financial statements.

Commercial Code, Tax Law Need Revision

952A0107B Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 Oct 94 p 1

[Article by Masayuki Tamura, Tokyo Securities Department reporter: "Risk Disclosure Inadequate; Potential for Misleading Investors"]

[FBIS Translated Text] *Perhaps the actual situation of real estate company operations will become somewhat clearer. Many real estate analysts who follow the scars of asset deflation are pinning their hopes on expansion of the range of content subject to consolidation beginning in March of 1995.*

Repeal of the 10-Percent Standard

Aiming for the past two years to reduce inventories and to take financial statement countermeasures, major condominium builder Daikyo Inc. sold assets consisting of five related companies, including Daikyo Rental, etc., for just under 150 billion yen.

According to Nomura Research Institute Analyst Jun Koi, these related companies should be generating a significant interest payment burden, and "the actual operating situation cannot be known unless one looks at the group as a whole."

However, Daikyo was not making consolidated financial statements. This is because until the previous term, there was a "10-percent standard" that exempts from consolidation total assets, total sales, and net profit or loss from being subject to consolidation if any are under 10 percent of the parent company's and consolidated subsidiaries' total.

This standard has been abolished as of this term, and the number of firms that can practically be exempted from being subject will be greatly reduced. Since related companies are confined to making abbreviated consolidation that does not reflect total sales, assets, etc., in Daikyo's case there is a limit as to how clear the true situation of the group will become. Even so, it seems clear that disclosure (revealing operation content) will take a step forward.

Companies including the Tokyo Electric Power Co., which were not making consolidated financial statements because the scale of the parent company is overwhelming compared to its subsidiaries, will begin making them this term. In addition, for companies that are already doing so the number of companies subject will expand significantly.

Yoshiake Shinhara, chief of Corporation Finance Division of the Securities Bureau, Ministry of Finance, says, "Consolidated financial statement disclosure is improving at a considerable speed" with such things as disclosure of operating profit or loss according to division.

Of course, it is often pointed out that "compared to individual financial statements the amount of information such as notes, etc., is sparse in Japan's consolidated financial statements." Especially troubling to Alicia Ogawa, Asia securities financial analyst of Solomon Brothers, is that "when evaluating financial stocks of banks, etc., there is not enough information on various risks concerning operations, which is most important."

An example would be the amount of bad debts. Although there are restrictions in individual financial statements, it is included as notes. However, there is no disclosure on a consolidated basis that includes such things as overseas subsidiaries. So, continues Ms. Alicia Ogawa, "That is why overseas investors hesitate to invest in Japanese financial stocks."

In disclosure based on U.S. accounting standards, figures that include interest tax reduction and exemption credits are included on a consolidated basis. The only Japanese city bank that employees these standards is Mitsubishi Bank, which is listed on the New York Stock Exchange. Although it became clear that the amount of bad debts for that bank in the previous term on a consolidated basis is about twice the individual basis amount divulged under domestic standards, the figures for other banks is unknown.

"The Need for Clear Standards"

According to Mr. Eiichi Shiratori, who is addressing the problem of international coordination of the accounting system as chairman of the International Accounting Standards Committee, "There are cases in Japan's consolidated financial statements in which figures for companies in the group with diverse accounting policies in terms of evaluation of financial assets, methods of listing pension money and retirement allowance, etc., are totaled as they are; therefore, it may not be an accurate reflection of the actual situation. If clear, unified standards are not established, we will lose credibility internationally," he warns.

In addition to the question of disclosure, assertions that the corporate legal system itself is in the process of becoming disengaged from the actual situation of group management have become pronounced.

There are many firms which, even though the actual situation of management appears on the consolidated financial statement, move to bolster individual profit. Sony increased by approximately 10 billion yen dividends received from subsidiaries in the march 1993 term. This term, it switched the shipping route of products that had been going directly from its Singapore subsidiary to sales companies in the United States and Europe to shipping them via the parent company to reduce profits and bolster its individual financial statement.

Similar to Sony Corp., TDK Corp. also increased to approximately 4.0 billion yen dividends received from subsidiaries, etc., in the March term of 1993. According to Senior Managing Director Sadao Iwatani, "Because the corporate tax rate is low in Hong Kong, it is more advantageous to divert dividends into local reinvestment than for the parent company to receive dividends as a group. However, we feel a dilemma because with everything, such as reports in shareholders meetings and the dividend revenue source, is on the individual basis, consideration must be given to the level of individual profit."

Further, under current Commercial Code and the Securities and Exchange Law, both individual and consolidated financial statements must be published. President Chihiro Kanagawa of the Shin-Etsu Chemical Co., Ltd. which has prominent subsidiaries in the United States and whose consolidated net profit significantly exceeds individual profit, raises a question: "The true picture of a firm appears in its consolidated financial statement, so not only does publishing an individual financial statement have little meaning, there is also potential for misleading investors."

Masayoshi Ishisaka, senior managing director of Nikko Research Center, says, "It is not unusual for there to be debate about revising commercial code and tax law, etc., which center on the individual financial statement." There are many states in the United States that have corporate laws for calculating profit available for dividends on a consolidated basis and consolidated financial statements, and shareholder profits are directly connected. Even some people in legal circles such as Keio University Professor Osamu Miyashima are now of the opinion that "dividends based on consolidated profits should eventually be considered."

Demand for Consolidated Tax Payment

Keidanren [Federation of Economic Organizations] is strongly requesting introduction of a consolidated tax payment system for corporation taxes calculated on a consolidated basis. With the exception of a handful of countries including Japan and Italy, the majority of leading nations have already introduced this. One of the features is that if there is a company within the group that is in the red, its taxable income is cancelled out. This, according to Keidanren Senior Director Keijiro Koyama, "would become a significant motivation for companies to place greater emphasis on consolidated financial statements."

Says one member of the Commercial Code Subcomittee of Legislative Council, "It will become necessary within the next few years to debate how firms are linked, including the relationship between parent companies and subsidiaries; as a result, I suspect that consolidated financial statements will enter the confines of commercial code." It appears that we have arrived at a time when, according to Professor Miyashima, there will be a "Copernican transformation," of legal system emphasis from individual to consolidated.

Hollowing Out of Tokyo Money Market Decried

952A0167A Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Nov 94 p 27

[Article by Tokyo University Professor Keimei Kaizuka: "Prevent Hollowing Out of Tokyo Money Market; Abolish Opaque Regulations"]

[FBIS Translated Text] *1. Hollowing out in the financial and capital markets will invite a decrease in the competitive power of service industries which have strategic importance for the Japanese economy, and is bound to lower the quality of information.*

2. Hollowing out is noticeable in the capital markets, and there is a contrast between the ascendancy in London and stagnation in Tokyo. The decrease in the scale of trade in the bond market is particularly notable.

3. In order to prevent hollowing out, it is necessary to present immediately a design for fundamental reforms, such as making regulations transparent and renovating the trading system. In doing so, an open market must be maintained, and it is an indispensable content of reform that the administration not intervene at all except for providing clear rules.

Tokyo—Decreasing Function as a Center

Accompanying the recent high yen, arguments have become lively concerning a lamentable hollowing-out in the Japanese financial and capital markets, under a different background from the hollowing-out in manufacturing. Here I would like to discuss this matter from a more global point of view, such as the intensifying competition among international financial centers, rather than individual cases such as the moving of Asian bases for foreign securities firms and the listing of Asian enterprises in the New York market. Of course, individual examples of the hollowing-out phenomenon are important, but the whole thing can be grasped accurately by looking at the more global background.

First of all, I need to give a definition of hollowing out. Here, I define hollowing out as a relative decrease in financial operations in the Tokyo financial and capital markets when compared to other financial centers. To put it in other words, it means a decrease in the function of the Tokyo market as a financial center.

Then why is hollowing out in the financial and capital markets a problem? Because there have been opinions for quite a while such as that it is all right to ignore the hollowing out in the corporate bond market, or more recently, that, since hollowing out is one aspect of internationalization, there is no need to worry.

One bad influence of hollowing out appears as a decrease in the value-added aspects of financial service industries which operate in Tokyo, including foreign financial organizations (overseas affiliated firms). This creates a danger of a weakening in Japan's financial and securities industries.

Under the advancing high yen, the strategic status of service industries among Japanese industries is rising, and the relative importance of financial and securities industries among those industries is high.

The second problem of hollowing out involves the important role that the financial and securities industries occupy in economic information. There is no need to emphasize the value of high-level information in the present economic society, but within this type of information, that information which the financial service industry holds is indispensable. A decrease in the function of Tokyo as a money center means a decrease in the quality of economic information which Tokyo is holding, and this would affect the whole Japanese economy.

A decrease in the function of Tokyo as a financial center cannot be denied when one looks at several indexes. So I will touch on this next.

The condition of a financial and capital market is divided among several markets, and its overall strength is demonstrated when they are combined. But recently the operations of those important individual markets in the Tokyo market are decreasing, compared to other financial centers, especially London. Let's look at two or three examples.

First, the Tokyo foreign exchange market is fairly far behind as a market for currency settlement, compared to London and New York. I do not have the latest statistics, but the ratio of Tokyo in the total amount of average daily trading of foreign exchange, combining the three largest money centers, New York, London, and Tokyo, has decreased from 26.7 percent in April 1989 to 20.4 percent in April 1992, and this decreased amount was absorbed in New York and London. It is particularly impressive to see that the ratio of London in yen-dollar trading is increasing.

Second, the decrease in the trading volume of the Tokyo bond market as a circulation market is almost embarrassing. The following point clearly shows this.

The trading volume in London has now become about seven times as much as Tokyo. It can be said that this situation is serious since Tokyo was far beyond London in the mid-1980's. Also, relative to local markets such as

Paris and Frankfurt, it is a little shocking to see that they are leading Tokyo. If it is true that bond markets are not supposed to be affected by the bubble collapse as easily as stock markets, it cannot be dismissed simply as an after-effect of the bubble.

Derivatives—London the Power

Third, let's look at the trading scale of stock markets. In 1989, the Tokyo securities trade market was 1.5 times as much as Wall Street and about five times as much as London, but it was overtaken by Wall Street in 1990 and by London in 1992.

There is the aspect that the briskness of the Tokyo stock market had been supported by the bubble, and this figure itself must not be exaggerated, but the rivalry with London is clear. The case that Japanese stock trading shifted from Tokyo to London shows nothing but a global tendency.

Last, about the off-balance trading which is one of the symbols of financial innovation, recent statistics cannot be used, but Tokyo's ratio among the three largest financial centers in the number of total trades was only 10 percent between the end of FY1986 and the end of FY1991, but the share in Europe increased from 6.7 percent to 25 percent during the same five-year period. In other words, the European market centered in London is starting to actively utilize derivative instruments.

Besides this, the corporate bond market is still hollowed out, and the shift to places such as Singapore is well known. However, I should make sure to add the fact that the scale of the Tokyo market is still growing in short-term financial markets and offshore markets.

In any case, the expansion of London centering on the European market is remarkable and it is clear that the Tokyo market is falling behind. Especially in the capital market, the briskness of London and the stagnation of Tokyo show a contrast.

Trading in financial centers is mostly large-scale trading by professionals. The important point in this trading is convenience. A slight inconvenience could become fatal.

It seems that the biggest problem in the Tokyo market is the opaqueness of the regulations. Rules are necessary for trading markets, or more broadly, in financial business. The problem is rather in the opaqueness of the rules. It is difficult to deny that Japanese financial administration is lacking in transparency even at present.

Danger of Falling Into "Localization"

Many economists point out that the rule book for London is complicated and too precise.

In the face of this criticism, a fair amount of its application is now excluded from large-scale trading, and also the clarity of the rules was guaranteed by the financial reform (Big Ban), and it seems that this has raised the status of London as a market which is easy to use.

Second is the success in the reform of the buying and selling system in the London stock market. The SEAQ [Stock Exchange Automated Quotation] system, which is similar to the U.S. NASDAQ (over-the-counter open market), is extremely convenient and is also applied to foreign stocks. However, ambitious trials such as making trades paperless have failed, but I think the attitude of supervisory authorities and industry toward taking risks itself is rather important.

Third, the competitive power of the financial services which the Tokyo market offers is not strong. This appears in the high-priced commissions.

The high-priced stock exchange commissions and foreign exchange remittance charges for Japanese banks are straightforward examples. The existence of the securities transaction tax is also a cause of the rise in the trading expenses, but I do not think the abolition of the securities transaction tax will become a conclusive factor.

Last, and this may be the most important thing, is to establish through the circulation market and issue market the basic principle of making the market open. Examples such as opaque PKO (price-keeping operations) show that this principle is not observed, and this is an underlying cause for the decrease in trust towards the Tokyo market.

Related to this point, there is the aspect that the securities market was sacrificed to maintain the stability of the banking system. The situation will deteriorate if the banks themselves do not quickly carry out restructuring through their own efforts, including managing failures.

In any case, the current situation shows the danger of the Tokyo market falling into a local market. A reform design which could be compared to the Big Ban to activate the market should be presented and should immediately be put into practice.

North Korea

Paper Demands ROK Demolish Concrete Wall

SK1612101994 Pyongyang KCNA in English 1008 GMT 16 Dec 94

["MINJU CHOSON Demands Demolition of Concrete Wall"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—The South Korean rulers must discard the anachronistic policy of confrontation and demolish the concrete wall at an early date and scrap the "National Security Law" [NSL], urges MINJU CHOSON in a commentary today.

Supporting the recent appeal sent by the Standing Committee of the Supreme People's Assembly [SPA] of the DPRK to the parliaments and politicians of different countries of the world on the lapse of 15 years since the former military dictators of South Korea completed the concrete wall south of Military Demarcation Line, the analyst says:

The appeal of the SPA Standing Committee reflects the consistent stand and will of the Workers' Party of Korea and the Government of the DPRK to remove the biggest obstacle to peace and reunification, national reconciliation and unity on the Korean peninsula at an early date and open a dramatic phase of national reunification. The concrete wall built south of the Military Demarcation Line is a symbol of national division and confrontation. It is a physical barrier denying the homogeneity of the nation, opposing the reunification and barring the building of political and military confidence. Such barrier can be seen in no other country of the world.

We strongly demanded the demolition of this concrete wall in the period of the preceding military dictatorship in South Korea and after the appearance of the present "regime" under the "civilian" veil.

But the present South Korean rulers under the "civilian" mask, like the preceding military dictatorial forces, refuse to pull down this wall, and are frantically brandishing the "National Security Law", an anti-reunification evil law which blocks contact, exchange, reconciliation and unity between the North and the South.

Whether the Kim Yong-sam group removes the concrete wall and scraps the "NSL", or not, is a touchstone proving whether it truly wants dialogue, or not.

ROK Criticized for 'Leading Commanders' Meeting

SK1612045294 Pyongyang KCNA in English 0435 GMT 16 Dec 94

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—The South Korean warmaniacs on December 13 held a "meeting of leading commanders" of the puppet army and incited a war fever against the North, a Seoul-based radio reported.

They, "analysing and reviewing" the activities of the puppet army this year, said that they had "extensively reinforced the plans prepared for wartime from the beginning of this year" and did "their best for the completion of high-grade military preparations".

Such bellicose remarks of the Kim Yong-sam group which has consistently pursued confrontation between the North and the South clearly prove once again that the main cause of leading the military situation of the Korean peninsula to a critical phase this year lies in the reckless war provocation moves of the puppets.

The Kim Yong-sam group at the meeting emphasized that the next year's "intentional target" is the "training of ever-victorious strong crack army" and "perfect operation-supporting posture, which eloquently shows that the puppets' adventurous war provocation moves to ignite a war in the Korean peninsula have reached an extreme point.

Warmaniacs are bound to meet a miserable end.

If the puppets continue playing with fire in defiance of our repeated warnings, they will be burnt to death.

South's Deployment of Weapons in DMZ Denounced

SK1612043194 Pyongyang KCNA in English 0409 GMT 16 Dec 94

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—The South Korean puppets on December 13 and 14 brought hundreds of the puppet army soldiers armed with large-calibre machine guns and automatic weapons, and heavy weapons in different places of the Demilitarized Zone (DMZ) in the western, central and eastern sectors of the front and seriously got on our nerves, inciting war fever, according to military sources.

The war hysterics never ceasing in the DMZ clearly show that the Kim Yong-sam group is seeking confrontation and war, going against the desire of the whole nation for peaceful reunification.

ROK Denounced for 'War Provocation' Preparations

SK1612001294 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 15 Dec 94

[Commentary by Yun Pyong-son: "A Reckless Attempt by Civilian Warmongers"]

[FBIS Translated Text] According to reports, on 13 December the puppet army held a year-end meeting of its major commanders and handed down next year's goals and the major projects of the puppet army. During the meeting, they decided that next year's activities will focus on fostering the so-called strong, crack troops for certain victory in combat [irunba imjon pilsungui chongye kanggun yuksongdunge tumyo], increasing independent information organizations, carrying out education and training in preparation for actual war, establishing a complete operational support posture, increasing reserve war forces, and establishing a military supply posture.

In short, the civilian warmongers revealed in this conspiracy [moui] a very ambitious attempt to accelerate preparations for war provocation aimed at a northward invasion and reunification by defeating communism next year. This is an extremely grave challenge to the trend of the time.

As everyone knows, the agreed framework has been adopted between the DPRK and the United States, and is successfully being implemented [ku ihaengi songgwajoguro chujindoego issumnida]. Because of this, the situation of the Korean peninsula has entered a phase of detente. It leaves no room for doubt that this is a positive situational development which is greatly significant in achieving durable peace and security on the Korean peninsula as well as peaceful reunification of the fatherland.

At this moment in time, the civilian warmongers in South Korea engaged in a military conspiracy and openly revealed their attempt to further strengthen war preparations for a northward invasion. This shows that the rascals still have the hidden purpose of achieving their ambition of northward invasion and reunification by defeating communism without fail, and by blocking the trend of the time by all means.

In fact, the civilian warmongers headed by Kim Yong-sam have no interest in the nation's life-and-death issues, such as peace and security on the Korean peninsula and peaceful reunification of the fatherland, and are interested only in North-South confrontation and a war of northward invasion. This is plainly shown by the fact that the rascals have staged frantic war exercises for northward invasion every day since the beginning of this year.

In particular, during the period following the adoption of the DPRK-U.S. agreed framework alone, the rascals and the U.S. Forces have madly staged the Eagle-94 joint military exercise, which is comparable to the Team Spirit joint military exercise, and have every day staged various military exercises such as the Pangpae and Hwarang exercises, mobile exercises, and the like. Meanwhile, the puppet Kim Yong-sam clique increased armaments on a major scale and engaged in military reinforcement more frenziedly than ever.

The puppets appropriated 1,075,300 million won for their military budget—the largest in history—for this year, an increase of almost 10 percent over last year; they have appropriated 11,074,400 million won for next year's military budget, again an increase of 10 percent from this year.

The rascals have already deployed Patriot missiles in South Korea, and have decided to station 120 F-16 fighter bombers from the United States in the country by 1999. They are also planning to bring 190 Mistral anti-air missiles from France at a cost of more than 200 million francs.

These facts clearly show how the civilian warmongers are madly engaged in war preparations for a northward invasion. It is needless to say that the rascals' decision made during the recent military conspiracy to accelerate war preparations for a northward invasion is part of their confrontation and war maneuvers aimed at realizing their unchanged ambition for reunification by defeating communism and for the system of reunification [chedo tongil].

However, the civilian warmongers should clearly be aware that this is a very dangerous and reckless military maneuver. Everyone clearly knows the rascals' indiscreet war maneuver may result in such grave consequences as aggravating North-South relations and driving the situation on the Korean peninsula to a phase of keener confrontation.

If the civilian warmongers continue to pursue their reckless maneuver for confrontation and war, despite our repeated warnings, they will be made to pay dearly, and will not avoid irrecoverable disastrous ruin.

SKNDF Head on 'Provocations'

SK1612103294 Pyongyang KCNA in English 1013 GMT 16 Dec 94

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—Yi Chong-sang, chief of the Pyongyang mission of the South Korean National Democratic Front [SKNDF] (Hanminjon) in a press statement on December 12 said that warmaniac Kim Yong-sam should look straight at the trend of the times, immediately stop the reckless war provocation moves and step down from power at once.

With a view to creating the atmosphere of a fratricidal war, the Kim Yong-sam group staged "Eagle 94", "Shield", "Hwarang" and other war exercises against the North on 10 occasions by mobilizing about 3,400 planes and other huge Armed Forces and committed armed provocations on more than 140 occasions in the Demilitarized Zone (DMZ) along the Military Demarcation Line in November before getting over-heated in war provocations in December.

Underlying in the frantic war provocations of the Kim Yong-sam group is a sinister attempt to lay a hurdle in the implementation of the DPRK-U.S. framework agreement by getting on the nerve of the North in a military way and screwing up tension on the Korean peninsula, the statement said, adding:

The vanguard fighters of Hanminjon and the patriotic people in the South, in response to the requests of the times and the nation, will soon keep tabs on the heinous crimes the Kim Yong-sam group committed by laying an artificial hurdle in the way of reunification and turn out in the save-the-nation sacred struggle of justice to make 1995 the first year of reunification.

ROK's 'Crackdown' on Students Denounced

SK1612050894 Pyongyang KCNA in English 0441 GMT 16 Dec 94

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—The North side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) in a statement on December 15 vehemently denounced the traitor Kim Yong- sam's crackdown on the South Korean Federation of General Student Councils (Hanchongnyon) as a grave challenge to the movement of the South Korean students for national reunification and their organization and an intolerable insult to the desire of the 70 million fellow countrymen for reunification.

The statement said:

On December 10, the Kim Yong-sam clique arrested a Pusan National University student Kim Hyon-chun, chairman of the South side headquarters of Pomchonghangnyon and chairman of Hanchongnyon, who was on the want list for a long time, by invoking the notorious "national security law".

Earlier, they arrested student Yang Tong-hun, chairman of the National Reunification Committee of Hanchongnyon. Their arrest of leading students shows that their desperate efforts to stamp out Hanchongnyon reached an extreme point.

As for the vigorous movement of the valiant students of Hanchongnyon for national reunification, it is a proud conduct to be valued in any aspect as a manifestation of pure patriotic loyalty of students shouldering the destiny of the nation by themselves to put an end to the misfortune and sufferings of nearly 50 year-long national division and realize the fellow countrymen's earnest desire for reunification.

No desperate move can save the lot of the traitor Kim Yong-sam from the abyss of ruin.

The Kim Yong-sam clique must abolish the "National Security Law" at once, set free the arrested patriotic students of Hanchongnyon without delay and step down from power to face a stern judgment by history as unanimously demanded by the whole nation.

U.S. Urged To Abandon Nuclear Threat to North

SK1612095394 Pyongyang Korean Central Broadcasting Network in Korean 0755 GMT 16 Dec 94

[NODONG SINMUN 16 December commentary: "Anachronistic Stance of Confrontation"]

[FBIS Translated Text] The U.S. NBC Television Network reported that the United States has decided to rapidly retaliate on us with nuclear weapons in case we use biological weapons against it. We cannot repress surprise for such an act by the United States.

At present, the DPRK-U.S. agreed framework is being smoothly implemented, working-level negotiations are ongoing thorough various channels, and progress is being registered in the negotiation. The world's people are expressing great interest in and welcome this.

The international social circles are hoping for a complete solution to the nuclear problem on the Korean peninsula and the normalization of the DPRK-U.S. relations through an honest implementation of the agreed framework with a successful settlement of DPRK-U.S. working-level negotiations.

At this very time, the United States talked about nuclear retaliation. We must state that this goes counter to the expectations of the world peaceloving people.

We have no biological weapons and do not need to possess them.

Nevertheless, the attempt to apply nuclear pressure on us by concocting a new falsehood on the use of biological weapons is to pursue bad aims in every respect [kuromedo pulguhago saengmul mugisayongiranun hogurul nalchohayo urie taehe haek apryogul kaharyo hanungosson onumoro bona chochi aannun mokchogul chugu hago ittago haeya halgossida]. This is the same as the act of bringing wind and waves to the waterway on which the boat called the agreed framework—in which we and the United States are aboard together—is advancing toward a terminal point along the designated sea route.

The U.S. pursuit of nuclear retaliation is in itself contradictory to the provisions of the DPRK-U.S. agreed framework. In this framework, the United States officially insured it would not use nuclear weapons against us nor would it launch a nuclear threat on us.

A promise between the states has a legal nature and assumes its implementation as a premise. The United States is under the same duty and obligation with us in the implementation of the agreed framework. Therefore, it is necessary for both sides to be faithful with each other.

If the U.S. decision for nuclear retaliation made on the pretext of the use of our nonexistent biological weapons is true, it seriously evokes our suspicion that the United States may abolish its official promise not to use nuclear weapons against us. Moreover, it is an act of giving up faith and of casting a shadow on the implementation of the DPRK-U.S. agreement.

Practical experience shows that nothing can be expected from pressure and confrontation in relations with us and productive dialogue is the only effective solution to a problem.

The U.S. attempt not to realize this up to this point but to justify its use of nuclear weapons on the plea of biological weapons is an expression of its anachronistic stance of confrontation. No one would support and approve this act.

If dialogue is to be advanced and the agreed framework be implemented honestly, the DPRK and the United States must respect and trust the other side and refrain from a stimulative act of confrontation [chagukchogin taegyol haengdongul].

Pyongyang: No Biological Weapons

SK1612045394 Pyongyang KCNA in English 0432 GMT 16 Dec 94

["Anachronistic Stance of Confrontation"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—The United States decided to "retaliate" on the DPRK with nuclear weapons in case the latter uses "biological weapons" against it, the U.S. NBC Television reported.

Commenting on this, a NODONG SINMUN analyst today says: The United States threatened "nuclear retaliation" at a time when the world people hope for a complete solution to the nuclear issue of the Korean peninsula and the normalisation of the DPRK-U.S. relations through an honest implementation of the agreed framework adopted between the two sides. This is contradictory to the provisions of the agreed framework and the expectation of the world peaceloving people.

We have no biological weapons and do not need to possess them.

The United States is under the same duty and obligation with us in the implementation of the agreed framework. If it is to be implemented, therefore, it is necessary for both sides to keep faith with each other.

The practical experience shows that nothing can be expected from pressure and confrontation in relations with the DPRK and productive dialogue is the only effective solution to a problem.

The U.S. attempt to justify its use of nuclear weapons on the plea of "use of the biological weapons" which we do not possess, is an expression of its anachronistic stance of confrontation and casts a shadow on the implementation of the DPRK-U.S. agreed framework.

If dialogue is to be advanced and the agreed framework be implemented honestly, the DPRK and the U.S. must respect and trust the other side and refrain from a stimulative act of confrontation.

Entry of U.S. Carrier Into Pusan Denounced

SK1612143094 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 16 Dec 94

[Commentary by Yun Pyong-son: "Why Did U.S. Carrier 'Constellation' Sneak Into Pusan Port?"]

[FBIS Translated Text] As was reported, the U.S. carrier "Constellation" of the U.S. Pacific Fleet sneaked into the port of Pusan on 14 December.

The U.S. military conservative forces and South Korean puppets are babbling as if this carrier entered Pusan on a goodwill visit.

However, their remarks are none other than a sophism designed to divert the people's attention elsewhere. Gibberish on friendship and so forth, presented after the entry of the carrier carrying enormous troops and airplanes, is preposterous.

The entry of a U.S. carrier into Pusan is an ominous military move [simsangchi annun kunsajok umjigim], and is not intended for friendship at all.

As everyone knows, with the adoption of the DPRK-U.S. agreed framework and its smooth implementation, the situation on the Korean peninsula is entering into the phase of detente and peace. The world's people are greatly welcoming the development of an affirmative situation appearing on the Korean peninsula, and are hoping for a complete solution to the nuclear problem on the Korean peninsula through the honest implementation of the agreed framework and for the normalization of DPRK-U.S. relations.

This being the case, one should not carry out any act straining the situation on the Korean peninsula and applying the brakes on the implementation of the agreement.

However, the U.S. military conservative forces brought a carrier into Pusan, following the permanent deployment of Patriot missiles at the U.S. Forces in South Korea. We must regard this as a premeditated act to cast a wet blanket on the implementation of the DPRK-U.S. agreed framework.

The act of U.S. military conservative forces, who are going counter to the expectations of the world's people, cannot have the support from anyone. Moreover, what should not be overlooked is the fact that the entry of the U.S. carrier into Pusan is timed to coincide with further intensification of oppression and confrontation maneuvers in South Korea on the year-end and the beginning of the new year.

Because of antinational maneuvers of the traitorous Kim Yong-sam clique, this year the South Korean economy, including the industry and agriculture, has been bankrupted and has collapsed, and the people's living conditions have worsened more than ever before. Besides, social evils, including murder and burglary, have spread further, and various large-scale accidents occurred one after another. As a result, the people are in fear and trembling.

The South Korean people, whose living conditions are becoming more difficult with each passing day, came to have deep-rooted rancor against the puppets for having driven the society into such a miserable situation. Their resentment is being led to the struggle against the traitor Kim Yong-sam.

Embarrassed by this, the Kim Yong-sam group is attempting to maintain power by repressing the people with guns and bayonets and by diverting the people's attention elsewhere with confrontation maneuvers against the northern half of the Republic.

This has something to do with the fact that the puppets are frightening residents by resounding the roar of guns and rifles in town on broad daylight and by mobilizing Armed Forces including tanks. Moreover, they continually perpetrated grave military provocations along the areas in the Military Demarcation Line.

At this very time, the U.S. carrier has sneaked into South Korea. The entry of U.S. carrier into Pusan is not intended for friendship but is intended for supporting with military strength the Kim Yong-sam group which is frantically running amok with fascist oppression and confrontation commotions, being driven into a corner.

Thus, the South Korean puppets again exposed to the entire world their true color as filthy pro-U.S. nation-selling flunkeyists who are maintaining their lives under the masters' protection by asking them to bring the U.S. carrier under the signboard of friendship.

Military pressure cannot work with anyone. The U.S. military conservative forces should precisely look at the trend of the time and should act with discretion.

Daily on Japan's Call for Nuclear Disarmament

SK1612101294 Pyongyang KCNA in English 1003 GMT 16 Dec 94

["Dishonest Remarks"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—The chief cabinet secretary of Japan waxed eloquent about "removal of nuclear weapons" and "arms cut", but evaded answering a question put by reporters as to whether the use of nuclear weapons was a violation of international law, or not.

Commenting on this, NODONG SINMUN today says:

This proves that Japan's call for "nuclear disarmament" is not sincere, but she seeks the production, possession and use of nuclear weapons.

The analyst further says:

Japan has gone ahead with the program of nuclear armament for dozens of years and it entered a full-scale stage after the end of the Cold War.

It is well known a fact that Japan is watching for a chance, having made full preparations for the production, possession and use of nuclear weapons. Now even rumors about Japan's possession of nuclear weapons are abroad.

In the international arena, Japan takes a stand of defending the possession and use of nuclear weapons.

Such attitude of Japan and her nuclear armament have invited international criticism and vigilance. Motivated by the intention to lull this and step up nuclear arming behind the curtain of "nuclear disarmament", the Japanese authorities are vociferating about the "elimination of nuclear weapons."

This is tantamount to wielding a bunch of flowers on the scene while growing poisonous mushrooms behind the curtain. No one will be deceived by the double-dealing drama of the Japanese authorities.

If Japan truly want "nuclear disarmament", she must frankly open to the public the actual amount of plutonium possessed by her and stop her nuclear arming.

Repatriation of Koreans in Japan Anniversary Noted

SK1612105794 Pyongyang KCNA in English 1045 GMT 16 Dec 94

["Papers Commemorate 35th Anniversary of Start of Repatriation of Koreans From Japan"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—Papers here today carry editorials on the lapse of 35 years since the first repatriation ships dropped the anchors at Chongjin port on December 16, 1959, bringing the first batch of Koreans to the bosom of the socialist homeland from Japan through the sea route of repatriation opened by the great leader President Kim Il-song.

The world, struck with wonders, called their repatriation "an exodus of a nation from capitalism to socialism" and "a human- historic miracle in the 20th century".

NODONG SINMUN in an editorial says:

The start of the repatriation of Koreans from Japan was a great victory of the immortal chuche idea founded by the respected leader Comrade Kim Il-song and his chuche-based idea of overseas compatriots' movement and a brilliant fruition of the noble compatriotic step and humanitarian policy of the Workers' Party of Korea and the Government of the DPRK. It was a great event which powerfully displayed the invincible might and great vitality of the socialist system of our style centred on the popular masses and demonstrated to the world that the DPRK is, indeed, the true homeland of the entire Korean people at home and abroad. And it dealt a heavy blow to the South Korean puppets engaged in the moves for national division and gave an inspiration to the South Korean people who want to live a harmonious life in a reunified country.

The repatriation of Koreans from Japan to the socialist homeland which will shine long in the history of our nation was successfully promoted under the wise guidance of the dear leader Comrade Kim Chong-il who has led the movement of overseas Koreans along a road of long drive, upholding the noble intention of the respected leader Comrade Kim Il-song who brightly indicated the untrodden path of the solution of the problem of overseas compatriots with the bright rays of the chuche idea.

The whole course of the realization of the repatriation of Koreans in Japan to the socialist homeland is the history of benevolent love of the great leader and the dear leader who embraced Koreans in Japan in their bosom with their paternal care higher than the sky and deeper than the sea.

Stating that more than 100,000 Koreans have come back to the socialist homeland from Japan and are enjoying a happy life, the paper notes: Returnees from Japan, filial sons and daughters unfailingly loyal to the great leader and the dear leader, are standing at grand socialist construction sites of the country together with the people of the homeland.

An editorial of MINJU CHOSON says that after the start of the repatriation of Koreans in Japan, the sea route of repatriation has been kept open and the road of travel to the socialist homeland opened thanks to the wise guidance of the dear leader Comrade Kim Chong-il and his warm loving care for the Koreans in Japan.

Departure of Chinese Delegation Reported

SK1612044994 Pyongyang KCNA in English 0417 GMT 16 Dec 94

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)— The delegation of the Chinese People's Volunteers withdrawing from the now defunct Military Armistice Commission according to a decision of the Chinese Government left Pyongyang Thursday.

At Pyongyang railway station a large crowd of people warmly saw off the delegation which had waged a joint struggle with the Korean people and soldiers of the People's Army for ensuring peace and security by [word indistinct] frustrating the maneuvers of the imperialists and their stooges to provoke a new war on the Korean peninsula.

Present at the railway station were Yi Chong-san, general of the Korean People's Army [KPA], Sin An-pang, vice-chairman of the Pyongyang municipal administration and economic committee, Lieutenant General of KPA Yi Chan-pok, chief of the Panmunjom mission of the Korean People's Army, and other officials concerned, Qiao Zonghuai, Chinese Ambassador to Korea, and his embassy officials and Chinese visitors staying in Korea.

The delegation was seen off at the railway station of Sinuiju, a border city, by North Pyongan Provincial party and administrative and economic officials, working people and soldiers [words indistinct].

Premier Sends Greetings to Tanzanian Counterpart

SK1612110194 Pyongyang KCNA in English 1046 GMT 16 Dec 94

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—Kang Song-san, premier of the Administration Council, sent a message of greetings to Cleopa David Msuya upon his appointment as prime minister and first vice-president of the United Republic of Tanzania.

Expressing the belief that the friendly and cooperative relations between the two countries will continue to develop, the message sincerely wished him success at his new post.

Revolutionary Feats of Kim Il-song Noted Abroad

SK1612043094 Pyongyang KCNA in English 0407 GMT 16 Dec 94

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—The revolutionary feats of the great leader President Kim Il-song have been introduced and propagandized in different countries.

The Finland-Korea Association arranged a photo exhibition "The Great Leader President Kim Il-song Will Always Be With Us".

In his opening address Pekka Lepanen [spelling of name as received], chairman of the association and member of parliament, elaborated on the history of President Kim Il-song's revolutionary activities.

He said:

"The death of the great leader President Kim Il-song is the biggest loss not only for the Korean people but for the world peaceloving people.

"Though he passed away, his feats will remain long in history. Bright is the future of the Korean people under the wise guidance of the dear leader Comrade Kim Chong-il, who is carrying forward the cause of the great leader most steadfastly."

Lectures on the revolutionary feats of President Kim Il-song were given in the Sevenikoro, Mali, Group for the Study of Kimilsongism, the Harare, Zimbabwe, Centre for the Study of the Chuche Philosophy, the Juan Manuel Mena Chorus of Nicaragua and in Cairo, Egypt.

Kim Il-song's Reunification Program Praised

SK1612105694 Pyongyang KCNA in English 1037 GMT 16 Dec 94

["Great Charter of National Unity Reflecting Noble Desire of Fellow Countrymen"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—"10- Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" put forward by the great leader President Kim Il-song is a great charter of national unity and a great programme of national reunification that mirrors the noble desire and purpose of the entire fellow countrymen, declares MINJU CHOSON in an article today.

The 10-point programme set forth by the great leader is an invincible inspiring banner that indicates a way of putting a period to the history of division and confrontation that has lasted for half a century and accomplishing the cause of national reunification by the internal force of the nation, the article says, and goes on:

The ten-point programme stresses that all those who are concerned over the destiny of the nation, must unite as one nation, transcending all their differences, and that those with strength devoting their strength, those with knowledge giving their knowledge and those with money donating their money, all should make a tangible contribution to the reunification of the country and the development and prosperity of a reunified land, thus putting an end to national division and paving the way for national reunification and displaying the dignity and honor of the reunified 70 million fellow countrymen to the world.

It carries the unanimous demand and desire of the whole nation to put an end to the half-a-century-long confrontation within the nation and achieve reconciliation and unity of the whole nation and reunification and prosperity of the nation.

It represents, above all, the desire of the fellow countrymen to firmly unite the whole nation into one, transcending the differences in ideology, idea and system.

It sets it as the general target of the great unity of the whole nation to found a reunified state, independent, peaceful and neutral, and defines love for the nation and the spirit of national independence as the ideological basis of unity. And it sets it as the basic principle of great national unity to promote co-existence, co-prosperity and common interests and subordinate everything to the cause of national reunification and indicates concrete ways of achieving great national unity ranging from the question of ending all political disputes to the question of honoring those who have contributed to the cause of national reunification.

The ten-point programme also represents the noble desire of the 70 million fellow countrymen to achieve the reunification and prosperity of our nation with a history of 5,000 years.

It stipulates that before reunification and after it the North and South should protect the material and spiritual wealth of individuals and organisations. And it stipulates that those who have contributed to the great unity of the nation and to the cause of national reunification should be honored, thus giving firm assurances that those who embark upon the road of reunification can make joint efforts for the prosperity of the nation in a reunified land.

The realisation of the ten-point programme is firmly guaranteed by the wise guidance of the dear leader Comrade Kim Chong-il, the lodestar of national reunification and centripetal core of great national unity, declares the article.

People Spread 'Legends' About Kim Il-song

SK1612104094 Pyongyang KCNA in English 1017 GMT 16 Dec 94

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—The Korean people, who have looked up to the great leader President Kim Il-song as the sun, are widely circulating revolutionary legends about him with deep trust in and reverence for him.

These numerous legends cover a long period from his childhood to his revolutionary activities in chronological order.

The legends "A Man From Heaven" and "Song-chu Is the Pillar of the Country" are related to his birth and the future of the nation.

The legends "Han Pyol Is the Leader of Korea" and "Kim Il-song, the Sun of the Nation" have been recounted from the time when he was acclaimed as the great leader of the Korean revolution.

Many legends about his protean tactics belong to the period of the anti-Japanese armed struggle.

Typical of them are "Have they Soared to the Sky or Sunk Into the Ground?" "Multitudes of Soldiers Cross the River Over a Sheet of Paper," "Foreseeing the Profound of Nature," "Inviting Wonders of Heaven and Earth Whenever he Wants," etc.

"Most Tender-Hearted Man," "Savior of Life Produced by Heaven" and other legends are based on the love of the fatherly leader President Kim Il-song for the people.

Widely spread among the people across the country, the revolutionary legends make them feel more keenly that President Kim Il-song was a legendary hero, the greatest man and the great father of the people.

The Korean people will always remember him, conveying the legends about the sun down through generations.

Kim Chong-il Extends Thanks to Servicemen

SK1612042294 Pyongyang KCNA in English 0404 GMT 16 Dec 94

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—Comrade Kim Chong-il, the great leader of our party and people and supreme commander of the Korean People's Army [KPA], extended thanks to Han Yong-su, an officer of the Kim Chil-song unit of the KPA, and his family who had contributed to the better arrangement of a revolutionary site and to officials of the Pyongyang video tape recording studio who had actively helped them. His thanks were also sent to soldiers of the An Chong-kwan, Kim Sung-ku and Wi Kang-son units of the Korean People's Security Forces [KPSF] and Yi Kuk- yon, an officer of the Pak Chong-son unit of the KPA, and other servicemen for their examples in the Army-people relations.

Han Yong-su and his family secured a set of latest-type acoustic apparatus with the help of officials concerned and sent them to a revolutionary site with a statue of President Kim Il-song on the hundredth day after his death.

Soldiers of the An Chong-kwan unit and other soldiers of the KPSF and soldiers of the KPA protected lives and property of people in an unexpected occurrence by displaying self-sacrificing spirit and rendered an active assistance in socialist construction.

Sends Letter to Chong Chun-sil

SK1612043994 Pyongyang KCNA in English 0413 GMT 16 Dec 94

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—Comrade Kim Chong-il, the dear leader of our party and people, sent an autographic letter to Chong Chun-sil, director of the Chonchon County commercial management office, Chagang Province, after reading her letter. The autographic letter reads:

"I trust you.

The whole party will actively support you who are working as a faithful servant of the country and people, upholding the intention of the great leader.

[Dated] December 14, 1994.

[Signed] Kim Chong-il".

Chong Chun-sil, who was a salesgirl of the store of a mountain village in Chagang Province, has worked with her mind kept on repaying with her loyalty the deep trust and love of the great leader President Kim Il-song and the dear leader Comrade Kim Chong- il who reared her to be a recipient of "Order of Kim Il-song", deputy to the Supreme People's Assembly and twice labour hero [words indistinct] leader and vowed to always uphold Comrade Kim Chong-il with more intense loyalty and filial piety.

She expressed the hope that she would greet the dear leader at her work site next year by working harder than ever before and said she believes only in the dear leader Comrade Kim Chong-il.

Saying that the health of Comrade Kim Chong-il is the destiny of the country and nation, she wished him good health and a long life.

Kim Chong-il's Work on Land Management Hailed

SK1612143894 Pyongyang NODONG SINMUN in Korean 19 Nov 94 p 2

[By Cho Yong-nam, director of the General Bureau of National Land Management]

[FBIS Translated Text] It is 10th anniversary of the publishing of the dear leader Comrade Kim Chong-il's classic work, "On Improving and Strengthening National Land Management Work."

The work is a great program that, based on the chuche idea, generally elucidates all problems in carrying out national land management work, as well as a militant banner that the sovereign party and state of the working class should permanently adhere to.

In the work, the dear comrade leader scientifically explained the nature of national land management work, based on the chuche idea, and generally elucidated all theoretical and practical problems of socialist national land management, such as the protection and management of the country's land, forests, roads, rivers, and streams.

The dear leader Comrade Kim Chong-il noted:

"Today, the national land management sector is faced with the heavy and honorable task of further improving the national land management work in accordance with the demand of the historic cause of modelling the entire society after the chuche idea."

National land management is the work of managing all territories under the country's sovereignty. In other words, national land management is the work of protecting and managing land and resources, the material bases of the country's economic development, as well as nature and environments surrounding the people. Therefore, national land management is a very important issue to the working class' party, state, and people in accelerating nature remaking and in building, developing, and completing socialism. The success of building the country's economy, improving the people's living conditions, and implementing the socialist cause is importantly influenced by the view of national land management and the attitude toward this work, as well as the way of implementing it.

The dear comrade leader elucidated in his work national land management is nature remaking work to arrange the land in accordance with the chuche idea and is worthwhile work for the fatherland's eternal prosperity and for the following generations' happiness. This is the most scientific formula of national land management.

Because of their justness and truthfulness, the vitality of the ideological theories presented in the work have greatly been demonstrated in the national land management work and overall socialist construction of the country. The past 10 years since the publication of the work is a period of creation and change when new successes and turnabouts have been achieved in the work of national land management, as well as a proud course where our people have learned by experience the justness of the party policy on national land management and made it their faith.

The brilliant realization of ideologies and tasks presented in the work made it possible to vigorously carry out nature remaking work all over the country. As a result, many creations to be inherited through generations have been built; useful animals and plants, as well as marine product resources, have increased; and rivers, streams, roads, and seashores have been beautified and become effective. The great change effected in national land management work in the past period clearly proves the justness and vitality of the ideologies on national land management presented in the work.

The most important success achieved in the course of implementing the tasks presented in the work is the new revolution in building and managing roads.

Roads are important in improving the national economy and promoting the people's convenient living conditions. Roads are a country's face, as well as one of the most important cues showing the country's cultural level. Only when the country build and maintain roads well, it can meet the increasing transport demand, can accelerate the national economic construction, can guarantee the people more convenient living conditions, and can demonstrate the country's might and development level.

In the work, the dear comrade leader stressed the significance of road building and management in the work of national land management and elucidated the need to establish a proper road network, to constantly improve its mechanical status, and to well maintain roads. The work elucidates in detail all problems in building and managing roads, such as problems on systematically building more expressways—as well as necessary industrial roads, farm roads, and roads in forests and mountains—in accordance with the demand of the developing national economy and of the people's living conditions, on supplying modern road building facilities to improve the mechanical status of roads, and on carrying out the road management work as an all-masses movement.

In the course of implementing ideologies and tasks presented in the work, indeed great successes have been achieved in building and managing roads. As the construction of expressways has vigorously been carried out according to the party policy on road revolution, the expressways between Pyongyang and Kaesong, between Pyongyang and Kangdong, and between Wonsan and Mt. Kumgang have been completed, thereby the total length of our country's expressways is hundreds of kilometers. Also, tens of new trunk roads, including the road between Sunchon and Pukchang, and roads of local areas have been built, making the national road network more reasonable. At the same time, under the vigorous struggle to improve the mechanical status of roads, hundreds of roads across the country have been enlarged and straightened, and hundreds of bridges have been newly built, enhancing the country's land transport ability and guaranteeing the safety and speed of traffic. In addition, a mass- oriented management system has been established in good order, and a great success has been achieved in increasing the safety and cultural level of roads, as modern landmarks and road signs with reflective light devices have been built on main streets.

Another important result of the struggle to implement the work is that various forests, such as economic wood, industrial wood, firewood, and shield wood, have been prosperously arranged as a result of the vigorous engagement in arranging, protecting, and managing woods.

Forests are the country's valuable resource, as well as an important means to protect the land.

The dear comrade leader noted in his work that it is particularly important to well carry out the work of arranging and protecting forest in our country that has a lot of mountains. In the work, he clearly elucidated tasks in the course of arranging and managing forest, as well as methods to implement them, explaining problems on correctly setting up a plan to arrange forest, carrying out a mass movement to implement the plan of arranging forest systematically and properly, taking thorough measures to prevent fire in mountains and damages by blight and harmful insects, and taking measures for the general use of the forest.

The advance along the road elucidated by the work has brought brilliant results in the work of arranging, protecting, and managing the forest in the past period. All provinces, cities, and counties across the country have firmly given priority to producing saplings, according to the general plan of national forest building. As a result, a basis has been prepared for producing hundreds of millions of saplings a year; an all-masses forest management system, under which people plant trees on a mass scale and responsibly protect and manage the trees they planted; and a movement planting trees has vigorously been carried out in every spring and fall. Thus, a huge area of forest has newly been arranged throughout the country for the past 10 years, enriching the country's forest resources.

In the period, many counties across the country, including Pyoksong, Taegwan, and Chonnae Counties, actively adopted a new forest reform method to successfully remake hundreds of thousands- chongbo forests into economic wood, industrial wood, and firewood, preparing firm bases for producing and supplying Sunchon, Pukchang, Kaechon, and Kujang District Mining Complexes, and other mines across the country with wooden props that they need. In particular, the area of our country's pine nut forests, which was only thousands of chongbo right after liberation, has increased to hundreds of thousands of chongbo, as a result of vigorous struggle to arrange pine nut forests. Many counties, including Insan and Pyoktong Counties, have arranged thousands-chongbo of pine nut forests, and firmly foresee a bumper harvest of pine nuts every year. Damages of forest have remarkably been reduced due to the organizational and political work and supervising and controlling work to protect forest by carrying out an all-masses movement.

The work also made it possible to make a great change in readjusting rivers and streams, in protecting and managing the land, in mapping out the general plan of national land building, and in preparing the material and technological basis of the national land sector.

As the work of investment in and protection and management of large rivers—including the Yalu, Tumem, and Taedong Rivers—and small and middle streams has been strengthened during the past period, our country's farm areas, houses, and other valuable national assets are reliably protected from rain, no matter how heavy it is. The building of many lockgates, including Sohae Lockgate, has opened the firm prospect to use the country's water resources generally and reasonably. As the movement to build tidelands and to find out new land was vigorously carried out, the total area of the country's tilled land has considerably increased. In addition, the chuche-oriented national land building is successfully being carried out in good order, based on the general plan mapped out scientifically in our style.

Today, as the party's grand plan on national land building has been brilliantly realized, the country's appearance has been remade in accordance with the demand of the chuche idea, and the national land and resources are making real contributions to national prosperity and the people's welfare.

All these results achieved in national land management work are clear evidence of justness of the dear comrade leader's work and are valuable fruit of our party's wise leadership for national land management.

The dear comrade leader, who thoroughly personifies the great leader's national land building idea and is brilliantly realizing it, has prepared a great program on national land management and has wisely led the struggle to implement it. The dear comrade leader brightly elucidated the direction and measures that should be adhered to in carrying out the national land management work at every stage of the developing revolution and aroused all the people to realize them. While being so busy leading overall activities of the party and the state, he arranged important meetings, such as the national meeting of road sector functionaries, and bestowed functionaries at the national land management sector with great trust and love. Countless is the dear comrade leader's energetic leadership, efforts, and pains for strengthening and developing national land management. Today, the national land and resources actively contributes to the people's happy lives and the country's prosperity, and the national land management work, including road management and forest arrangement. Without the dear comrade leader's wise leadership, we cannot think of this at all. Our country's proud realities vigorously prove that brilliant victories and results can be achieved in the national land management work, as long as there are the party's correct ideas and policies on national land management, and as long as there is the great leadership of the party that is victoriously leading the struggle to realize them. Today, in South Korea and other capitalist countries, people suffer from devastated land, seriously contaminated rivers and sea, and constant natural disasters because they failed to successfully carry out national land management work. Seeing this, our people are deeply aware of the greatness of our party that is wisely leading the national land management work, considering it as important project for people's happiness and the country's growth and development.

We will continuously firmly adhere to the ideas and tasks presented in the work and thoroughly implement them, so that we can effect a greater change in national land management and fully advance the party's grand idea to remake nature.

Article Stresses Need To Enhance County Role

SK1612115894 Pyongyang NODONG SINMUN in Korean 24 Nov 94 p 2

[Article by Kim Hong-kun: "To Enhance the Role of Counties Is an Important Demand To Improve People's Living Conditions"]

[FBIS Translated Text] The dear leader Comrade Kim Chong-il has put forth a programmatic task to effect a turn in people's livelihood by enhancing the role of counties, on the basis of his scientific penetration into the concrete reality of our country's socialist construction and into the ever-growing demand of people concerning their living conditions. The policy put forth by the dear leader Comrade Kim Chong-il to improve people's living conditions by enhancing the role of counties is the most just and above-board, and scientific policy that satisfies the realistic demand of our country's socialist construction.

The dear leader Comrade Kim Chong-il has pointed out: "In our country, counties play an important part in improving people's living conditions. Each county as a unit manages and gives guidance to agriculture; and counties also manage local industry which holds a considerable proportion in the production of consumer goods. The counties as units also carry out the public welfare work for people, including goods supply and welfare service."

The justness of the party's policy to improve people's living conditions by enhancing the role of counties is connected with the status and role of counties in terms of the socialist construction and the question of improving people's living conditions. Counties are the regional bases and units which are responsible for certain regions of the country. All counties of the country are equipped—in a comprehensive and wonderful fashion—with the economic sectors and cultural facilities which are directly related to people's livelihood; and they possess various natural resources, and abundant in many reserves and potentials. Therefore, when we enhance the role of counties, and correctly mobilize and utilize the regional raw material resources and potentials, we can improve people's living conditions in an epoch-making way and can more vigorously accelerate the general socialist construction.

Counties as regional bases of our country's socialist construction, above all, hold an important proportion in increasing agricultural production.

To increase agricultural production is a basic question in improving people's living conditions. The more we increase grain production by developing agriculture, the more bountiful our people's livelihood will become and the more fully the superiority of our-style socialism will be displayed.

In order to increase grain production by doing farming well, it is necessary to decisively enhance the role of counties.

In our country, counties are regional bases for the socialist rural construction; and the main object of the counties' work is rural areas. Counties are equipped with economic, technological forces which can give guidance to agriculture, and are equipped with organizations, enterprises, and material and technological means that can lend a technical helping hand to all processes of agricultural production. Earlier on, the great leader [suryongnim] helped counties give guidance, with their own responsibility, to agricultural production and peasants' livelihood, on the basis of his scientific penetration into the status and role of counties in the socialist rural construction. In particular, the great leader [suryongnim] put forth an original policy to establish a new agricultural guidance system and set up county cooperative farm management committees. This was a historic event that has brought about an epoch-making turn in the guidance to agriculture. With the creation of county cooperative farm management committees, the potition and and role of counties have been markedly intensified in developing agricultural production and accelerating overall socialist construction.

Today, under the wise leadership of the party and the leader [suryong], the counties of our country are furnished with all conditions with which they can give correct guidance to agricultural production. At the present moment, counties possess numerous state enterprises serving agriculture, such as farm machine stations, irrigation control offices, seed farms, seed-treatment stations, livestock breeding stations, and veterinary and anti-epizootic offices. The county cooperative farm management committees take hold of such state enterprises within the counties in a unified way; give direct guidance to cooperative farms; establish a well- regulated technical guidance system; and, on the basis of this, give scientific and technical guidance to all farming processes, including sowing seeds, transplanting rice seedlings, weeding, and fertilizing. In our country, the agricultural policy and measures of the party and the state are being carried also through counties. Without counties—regional bases of the socialist rural construction—the direct production ties between industry and agriculture cannot be endlessly consolidated, nor can the work of turning the cooperative ownership into all-people ownership be vigorously pushed for. The reality shows that when we enhance the role of counties, we can increase agricultural production, and improve people's living conditions in an epoch-making way.

In our country, counties—as regional bases of the socialist construction—are playing an important role in developing local industry which holds a considerable proportion in the production of consumer goods.

Consumer goods are indispensable to people's livelihood. As the society develops, people's demand for consumer goods is endlessly increasing in both quantity and quality. Such a demand can be satisfied successfully only when we develop the small- and medium-sized local industries, as well as large-scale central industries. In this point, counties possess very advantageous conditions. This is closely connected with the situation in which, as regards local industry, there are important opportunities in the rural areas to conduct the reproduction, including production and consumption. The raw materials for the local industrial plants generally come out of counties; and the agricultural products, by-products, and various consumer goods produced by local industrial plants contribute chiefly to satisfying the demand of local residents, including cooperative farm workers. On the basis of his scientific penetration into such a characteristic of local industry, the dear leader Comrade Kim Chong- il defined earlier on counties as the bases of the development of local industry, and wisely led so that we can develop local industry, with the counties as units. Therefore, in all counties of our country, numerous plants, including foodstuff plants, daily necessities plants, and building materials plants, have been constructed. They are greatly contributing to improving people's living conditions.

The success of production by local industrial plants depends upon the way in which local functionaries and workers are working. Counties possess various natural resources and raw materials, and with the bases of raw materials that counties have built with their own efforts. The counties in the mountainous areas have many wild fruits and berries, and wild greens; the counties in the coastal areas possess many marine resources; and the flat-area counties also have their own advantageous conditions. If each county mobilizes and utilizes, to the greatest extent, such reserves and potentials of various kinds in its own area, the county can operate as it pleases local industrial plants at full capacity, and can effect a revolutionary turn in the production of consumer goods. This is clearly corroborated in the experiences achieved by various units, including Maengsan County.

The counties of our country are the bases which materialize the commercial ties between urban and rural areas, and they are also the units which give, with their own responsibility, guidance to local industry and agriculture. In the counties, there is a well- regulated system which can supply the county residents with various goods for their convenience and on an equal basis; and there are wonderful procurement bases, including procurement offices and procurement shops. In particular, counties possess various sources for export which suit the characteristics of their own regions; and they are equipped with conditions under which they can provide necessary goods to the county residents by making the most of such resources. Under these circumstances, if each of the counties well manages its own economic life with its own efforts, it can supply people with more goods of better quality.

At the present moment, in the counties, there are many units which are wonderfully satisfying the demands of people concerning their livelihood by displaying the creativity of local regions, upholding the noble intention of the great leader [suryongnim]. Many units, including the Chonchon County Commercial Management Office and Maengsan County are endlessly increasing the sources for export by carrying out a persistent struggle on their own; are providing numerous goods in addition to those goods secured by the state; and supplying the county residents with such goods. This shows that, when the role of counties are enhanced and the functionaries, who are responsible for the counties, display a high level of revolutionary spirit and the serve-the-people spirit, we can improve people's living conditions in an epoch-making way.

Counties are also furnished wonderfully with welfare service facilities for the county residents, as well as with the goods supply system.

Indeed, in our country, counties hold an important proportion in improving people's living conditions; and therefore, rightful is the party's policy to effect a turn in people's livelihood by enhancing the role of counties, because the policy most correctly reflects such a concrete reality.

The policy put forth by the dear leader Comrade Kim Chong-il to effect a turn in people's livelihood by enhancing the role of counties is of great significance. Because this policy has been put forth, the function and role of counties—as the regional bases and regional units of the socialist construction—have been enhanced extraordinarily; and a new turn has been effected in closing the gap between the urban and rural areas and in achieving a complete victory of socialism.

In particular, a precious, leading guideline—with which to firmly guarantee the state's central guidance and to fully display the originality of local regions—has been provided. This is clearly corroborated by the fact that today, upon receiving the valuable teaching of the dear comrade leader, all local functionaries and workers are consistently turning out to better manage the economic life of their own counties with new determination and resolve, and with overflowing faith.

The policy to effect a turn in people's livelihood by enhancing the role of counties reflects the noble intention of the dear comrade leader who is trying to provide our people with a bountiful and civilized life, while brilliantly realizing the respected and beloved leader's lifetime wishes. Functionaries and party members should fully display the superiority of our-style socialism by keeping the party's intention deep in their hearts, highly displaying the revolutionary spirit of self-reliance and fortitude, and working in a more revolutionary and militant way. This is the way in which we can render the devoted loyalty—which we failed to render more fully—to the respected and beloved leader, and in which we can please the dear leader Comrade Kim Chong-il.

As long as there exists the wise leadership of the dear leader Comrade Kim Chong-il, who is always paying much attention to our people's livelihood and who is devoting all of his energy and efforts to people's livelihood, our people will boast of being the people with the greatest dignity who lead a happy life without being envious of anything in the world today and tomorrow, and forever.

Innovations in Electricity Generation Reported

SK1612014894 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 15 Dec 94

[FBIS Translated Text] The electricity generation workers at the electricity generation workshop of the Changjagang Power Plant have vigorously turned out to thoroughly accomplish the great leader's last wishes, thus effecting innovations in electricity generation.

Electricity generation workers like Comrades Kim Kwang-son, Yun Ho-pong, and Kim Chang-ho, are exceeding daily targets for electricity generation by over 124 percent by operating each generator at full capacity with the spirit with which they exceeded last month's electricity generation target by 102.6 percent, and are also highly displaying the revolutionary spirit of self-reliance and fortitude this month.

Part of Party's Economic Strategy

SK1612012194 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 15 Dec 94

[FBIS Translated Text] The electricity generating workers at the Changjingang Power Plant of the Three-Revolution Red Flag are making full preparations to normalize electricity generation at a high level even with the difficulties of winter, retaining deep in their hearts the significance and importance of electricity generation in thoroughly accomplishing the party's revolutionary economic strategy.

The power plant has boldly introduced various kinds of reasonable methods of working in reinforcing the existing banks of the basic water intake drainages and digging the channel bottom, thus securing a firm guarantee for increasing electricity generation by making the most of the water at the bottom [of the reservoir] even in winter.

With the singleheartedness to produce more electricity to send to the socialist construction sites in winter, too, the combatants in each workshop of the power plant have solved many technical problems by checking and repairing the facilities in a militant way, while keeping their pledge made before the departed soul of the fatherly leader.

The work to maintain and reinforce the water intake drainages is also underway smoothly. Various units, including Nos. 1, 3, and 4 electricity generation workshops, have maintained and reinforced the water intake drainages in a revolutionary fashion, thus making sure that more electricity can be generated in winter.

Increase in Coal Production Reported

SK1612041094 Pyongyang KCNA in English 0400 GMT 16 Dec 94

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA)—Coal output is increasing in Korea.

According to data available, its output in recent ten days was 50,000 tons more than that in the comparable period of last month.

During the period, the Sunchon area coal complex topped the daily plan by an average of more than 1,000 tons and the Pukchang area coal complex boosted coal output 7 percent.

The coal complexes in Kaechon and Kangdong areas have remarkably increased coal output by keeping tunnelling definitely ahead of coal-cutting and creating enough reserve cutting faces.

Achievements in Railway Transportation Noted

SK1612104294 Pyongyang KCNA in English 1019 GMT 16 Dec 94

[FBIS Transcribed Text] Pyongyang, December 16 (KCNA)—Railway freight turnover is growing in Korea.

According to data available, it showed a 5.8 percent gain in the recent ten days or more above the same period last year.

In the period the Pyongyang and Kaechon railway bureaus respectively carried some 4,600 and 3,800 more tons of freight outside the daily quotas on an average.

The Hamhung and Chongjin railway bureaus also topped their commitments by far by effectively organizing and commanding transport and increasing the operation rate of the locomotives and wagons.

Article on Three-Revolution Red Flag Movement

SK1612022094 Pyongyang NODONG SINMUN in Korean 25 Nov 94 p 1

[Editorial: "Let's More Vigorously Wage the Three-Revolution Red Flag Movement in Accordance With the Demands of the Developing Reality"]

[FBIS Translated Text] At the moment, the whole country is swelling with the struggle to accomplish the last wishes of the great leader. An important question arising from thoroughly accomplishing the party's revolutionary economic strategy and from effecting new upsurges in the socialist construction is to more vigorously carry out the Three-Revolution Red Flag Movement [TRFM] in all sectors of socialist construction.

The dear leader Comrade Kim Chong-il has pointed out: "...We should further intensify and develop the TRFM in conformity with the demands of the developing reality."

The TRFM is an all-people, mass movement to forcefully carry out the three revolutions of ideology, technology, and culture, in conformity with the demands of the chuche-orientation of the whole society with a view to successfully accelerating socialist, communist construction.

At the present moment, to more vigorously carry out the TRFM is an important demand of our revolution which has reached a new stage of development.

Our revolution, which has victoriously marched forward under the wise leadership of the party and the leader [suryong], has reached a high level today toward attaining a complete victory of socialism. Our party and people are now faced with the task of thoroughly carrying through the party's revolutionary economic strategy; effecting an epoch-making turn in economic construction and people's livelihood; and add more luster to our-style socialism, while upholding the great leader's lifetime wishes. Reality demands that we should kindle the flames of the TRFM higher than ever before, thus forcefully carrying out the three revolutions of ideology, technology, and culture.

As the practical experience of our revolution shows, when we effect collective innovations in production and construction by kindling the flames of the mass movement in socialist construction, we can successfully accomplish all kinds of difficult tasks.

The TRFM is a forceful driving force of socialist construction which has thoroughly embodied the principle of the speed battle and the ideological battle, while organically combining the people's ideological remolding work with the collective innovation movement in economic and cultural construction. When we vigorously carry out the TRFM, the masses' revolutionary enthusiasm and creative activity will be highly displayed; collective innovations will be effected in socialist construction; and a new victory and advance will be achieved in revolution and construction.

Our party's consistent policy is to effect endless upsurges in socialist construction by continuing to vigorously carry out the TRFM.

All party organizations should continuously intensify the TRFM in conformity with the realistic demands of our developing revolution.

At the present moment, what is important, above all, in forcefully carrying out the TRFM is to vigorously carry out the ideological revolution, thus helping all party members and workers wage a vigorous struggle with the firm ideological resolve to accomplish the chuche cause to the end, while upholding the dear comrade leader's leadership.

Preparing all members of society as genuine chuche-type revolutionaries loyal to the party and the leader [suryong] is the most important task to which we should give priority in carrying out the TRFM. The party organizations at various levels should further educate the party members and workers in the spirit of loyalty to the party and the leader [suryong] so that they can add luster to their valuable life along the single road of loyalty to the party and the leader [suryong]. The party organizations should deeply imbue the party members and workers with the nature and significance of the party's basic slogans such as "The great leader Comrade Kim Il-song is forever with us!" and "Let's more thoroughly arm ourselves with the great leader Comrade Kim Il-song's revolutionary ideology!", thereby helping them uphold the great leader [suryongnim] for a thousand, ten thousand years and helping them glorify the leader [suryongnim]'s ideology and achievements for all generations to come.

In particular, it is very important, in terms of carrying out the ideological revolution, to help all party members and workers uphold the leader's [yongdoja] cause with loyalty and filial piety while harboring the absolute sense of worshipping [sungbae] the dear comrade leader.

The dear leader Comrade Kim Chong-il is the outstanding leader [yongdoja] of the socialist cause of our times who has both literary and military accomplishments, and who has loyalty and filial piety. Recently, too, the dear comrade leader has released important works, including his classical work "Socialism Is a Science," thus clearly illuminating the road which our party and people should traverse.

All party organizations should further intensify the ideological education work to help the party members and workers deeply grasp the greatness of the dear comrade leader. In this respect, it is important to intensify the trait of studying the dear comrade leader's work which is presented here.

All party members and workers should uphold the dear comrade leader's leadership with singlehearted loyalty, while harboring the firm conviction that we owe our glorious fatherland and revolution of today to the dear comrade leader and that because of him, we will win a sure victory. We should devote all of our wisdom and energy to upholding and holding in high esteem the great leader [yongdoja] and should add endless luster to their honor as revolutionary warriors along the road of struggle to accomplish the party's cause.

At the present moment, what is important in vigorously carrying out the TRFM is to closely link this movement with the struggle to thoroughly carry through the party's revolutionary economic strategy.

To thoroughly carry through the party's revolutionary economic strategy is the most important revolutionary task facing our party and people today.

Our party's firm will is to brilliantly carry through the party's revolutionary economic strategy during the period of adjustment, thereby enhancing the people's livelihood in an epoch-making way and increasing the economic might of the country in an extraordinary fashion.

The party organizations should help vigorously carry out the TRFM, while putting special efforts into thoroughly accomplishing the party's revolutionary economic strategy. Party organizations should keep the party members and workers well informed of the nature, justness, and significance of the party's revolutionary economic strategy, thus endlessly intensifying the organizational, political work so that they can turn out as one to accomplish such a strategy. In this way, they should help all the people turn out in the struggle to effect mass innovations with the extraordinary resolve and determination to carry through the party's revolutionary economic strategy to the end. The party organizations at various levels should set new goals of the TRFM, and unflinchingly attain them, in conformity with the demands of the developing reality in which the struggle to carry through the revolutionary economic strategy is being strengthened, thereby helping this movement realistically display a great might in carrying through the economic strategy.

Units responsible for important sectors of the socialist construction, should stand in the vanguard of vigorously carrying out the TRFM. The sectors of agriculture, light industry, and trade should help the flames of the mass innovations vigorously blaze up in the struggle to produce more grain, people's consumer goods, and export goods, upholding the party's agriculture-first, light industry-first, and trade-first policy. And, the party members and workers in the sectors of electricity, coal, metal industry, and railway transport should help produce more electricity, coal, and iron and steel materials, and create new miracles in the development of railway transport.

It is very important to enhance the role of the party organizations and guiding functionaries in thoroughly accomplishing the party's revolutionary economic strategy through the TRFM.

As shown in the experience of the units which have effected collective innovations in the work of remodeling man and in the economic construction by forcefully carrying out the TRFM, the success of a mass movement largely depends upon enhancing the sense of responsibility and the role of the party organizations and guiding functionaries.

The party organizations at various levels should take hold of the TRFM as an important work of the party, and endlessly intensify the guidance to this movement. The party organizations should intensify the organizational, political work so that the TRFM can be successfully carried out in conformity with the party's intention and with the demands of the developing reality, thus helping to carry out this movement vigorously on the society-wide scale. And, they should help the guiding functionaries lead the masses at the head of the TRFM, and meticulously organize the economic organizational work to accomplish the party's revolutionary economic strategy, thereby helping effect collective innovations in production and construction.

In forcefully carrying out the TRFM, it is important to help thoroughly embody the party's policy to effect a turn in the people's livelihood by enhancing the role of counties today. The party organizations should help achieve new successes in enhancing the people's livelihood by linking the TRFM with the work to emulate the examples of the functionaries at the Chonchon County Commercial Management Office and Maengsan County.

Today, the party's expectation for the TRFM is very high. The party organizations should more vigorously carry out the TRFM in conformity with the new demands of the developing revolution, thereby helping achieve, through all means [pandusi], great victory and success in accomplishing the party's revolutionary economic strategy.

Daily on Ways To Improve Standards of Living

SK1612060294 Pyongyang NODONG SINMUN in Korean 19 Nov 94 p 1

[NODONG SINMUN 19 November editorial: "Let's Thoroughly Implement the Party's Policy To Bring About a Turning Point in the People's Standard of Living by Enhancing the Role of the Counties"]

[FBIS Translated Text] Today, all party members and workers are vigorously carrying out the struggle to implement the great leader's lifetime teachings by highly upholding the party's leadership. Based on scientifically discerning the reality of our country's socialist construction and the people's demand for living conditions, which are being endlessly raised, the dear leader Comrade Kim Chong-il put forth programmatic tasks to improve the people's standard of living in an epoch-making manner by enhancing the role of the counties. Here lies the dear comrade leader's endlessly lofty will to provide a more abundant and cultured life to our people by fully blossoming the respected and beloved leader's intention while he was alive.

The dear leader Comrade Kim Chong-il has pointed out:

"The leader put forth the work of endlessly improving the people's standard of living as the supreme principle of our party activities because the problem of the people's standard of living occupies an important position in the revolution and construction, and has always possessed a deep interest in the people's standard of living."

Improving the people's standard of living in an epoch-making manner is the most important work in implementing the great leader Comrade Kim Il-song's lifetime teachings.

The great leader, who endlessly treasured and loved the people, devoted all kinds of energy and efforts so that our people could live well without having to envy anything in this world, and provided all conditions to guarantee a more abundant and cultured life to our people. The fatherly leader's lifetime desire was for all our people to eat rice and meat soup, wear silk clothes, and live in tile-roofed houses. Up until the last moment when the great heart stopped beating, the respected and beloved leader thought about the people and warmly taught about bringing about a new turning point in economic construction and about improving the people's standard of living in an epoch-making manner. In accordance with the respected and beloved leader's lifetime teachings—who was considerate of the people even on the last day of his life, and who worked every day without rest—our functionaries, party members, and workers must improve the people's standard of living in an epoch-making manner and must realize without fail the desire of the leader. This is the road to fulfill to the end the loyalty that was not completed toward the great leader, and the road to fulfill the obligation of a fighter of the leader.

Improving the people's standard of living in an epoch-making manner is work which our party gives priority to in economic construction.

The revolutionary economic strategy which our party put forth is a dauntless strategy to considerably improve the people's standard of living in the near future. When the country's self-dependent economic basis is firmly consolidated, and our people's standard of living is improved in an epoch-making manner, the superiority and might of our own style of socialism centered on the popular masses will be all the more highly manifested. Work must be carried out so that our people can enjoy a more abundant and cultured life by aspiring to work and by concentrating strength in improving the people's standard of living in accordance with the demand of our party's revolutionary economic strategy.

Enhancing the role of the counties is very important in improving the people's standard of living in an epoch-making manner by implementing the party's revolutionary economic strategy.

In our country, counties are responsible for an important share of improving the people's standard of living.

The rural economy is guided and managed with the counties as units; local industry, which accounts for an overwhelming proportion of the production of consumer goods, is operated by the counties. The people's service work, including the commodity supply and welfare service, has progressed according to the counties as units. Counties are a regional base of socialist construction that are in charge of specified regions of the country; since it is a regional unit, counties are all possessed with economic sectors and cultural facilities directly linked with the people's lives. There are also various natural resources and reserves. Therefore, if the role of the counties is enhanced, and the region's source and potentiality are correctly mobilized and utilized, it will give great interest to the state as well as endlessly improve the people's standard of living.

Counties themselves are struggling to develop the local economy and improve the people's standard of living. This has great significance in equally developing all regions of the country and further vigorously accelerating the overall socialist construction.

From early on, the respected and beloved leader Comrade Kim Il- song uniquely elucidated the position and role which the counties occupy in socialist construction; taught us each and every direction and method to maintain the counties' economic life; and even provided a basis to rapidly develop the local industry and rural economy as well as improve the people's standard of living in an epoch-making manner. This is the lofty lifetime teaching and treasure left to us by the fatherly leader; further elucidating this is a lofty duty of all of our functionaries and people.

Currently, among the counties there are many units that show examples in maintaining the counties' economy by upholding the great leader's high intention. In particular, the experiences of the Commerce Management Offices of Chonchon and Maengsan Counties, which are magnificently solving through their own strength the people's demands for living conditions within the counties by frugally carrying out the economy, are truly valuable. All counties are widely carrying out the movement to follow the examples of the Commerce Management Offices of Chonchon and Maengsan Counties to develop by themselves the rural economy and local industry, to frugally maintain the county seat and farm villages, and to all the more improve the people's standard of living.

To improve in an epoch-making manner the people's standard of living in the counties, strength must be concentrated on increasing the source of agriculture, local industry, and export according to the policy that agriculture is the best, light industry is the best, and trade is the best, as put forth by the party.

Most of all, the counties must exert great strength in effectively carrying out farm work.

Since eating is the most important issue, what we used to call clothing, food, and shelter was changed upon orders of the fatherly leader to food, clothing, and shelter; great interest has turned to increasing grain production. Since the counties are directly in charge of farming, and guide and manage it, all counties must considerably increase agricultural production to amply solve the country's food problem, and must further improve the people's standard of living within the counties. The counties must thoroughly implement the chuche farming method created by the great leader so that the grain yield per chongbo [1 chongbo=2.45 acres] can be greatly enhanced in all tilled land; the tilled land must be well cultivated and fields must be weeded at the appropriate time. Along with this, farmers must substantially carry out the work to be aware that they are the masters, must enhance revolutionary enthusiasm, and must further strengthen the guiding work of the farms. Also, priority must be given to supplying the efforts and material necessary in rural economic development. Along with increasing grain production, farms must develop stock raising and must exert great strength in continuously increasing the production of fruits and cocoons.

Local plants must be operated at full capacity to vigorously carry out the struggle to increase the production of consumer goods.

Local industry is in conformity with local raw material resources, and regards the work of guaranteeing the local people's demand as a basis. This is called local industry. The counties must firmly maintain and cultivate their own raw material base, and must mobilize and utilize to the utmost all kinds of raw material resources and reserves so local industrial plants can be operated normally in order to produce more consumer goods necessary for the people. Local industrial plants must vigorously carry out the technology innovation movement to modernize the production process, improve the quality of the consumer goods, and increase items.

Along with effectively operating local industrial plants in the counties, leftovers and by-products from central industrial enterprises must be actively utilized, and domestic and sideline work teams must be widely organized and operated to further vigorously carry out the 3 August consumer goods production struggle into a mass movement.

Increasing the sources for export is an important method in improving the people's standard of living and developing the local economy in a epoch-making manner. The counties must adhere to the party's policy that trade is best, and must thoroughly implement the leader's lifetime teaching regarding the export issue to endlessly improve the lives of the people in the counties.

Counties must continue to vigorously push ahead with the work to further frugally maintain county seats and farm villages culturally. If the counties are to be effectively maintained, county construction must be successively carried out step by step and with clear prospects; even though only one house, one service facility, and one modern welfare facility is built, it must be built so it will be convenient to the people's everyday lives, and must not be inferior, not only today but in the future as well.

Construction must not be expanded in counties, but it must carry out economic work from the principle of concentrating all strength to improving the people's standard of living in an epoch-making manner in accordance with the demand of the party's revolutionary economic strategy.

For counties to maintain economic living on their own, the counties' natural and geographical conditions must be effectively used, and the region's raw material resources and possibilities must be surveyed and mobilized to the utmost.

From the first day of the construction of the new fatherland, the great leader taught that people in all regions must be able to live well by using the regions where there are mountains and where the ocean is near by. This teaching is an important guideline to correctly use the natural and geographical conditions of the regions and the counties so that the economy can be developed anywhere and can improve in an epoch-making manner the people's standard of living.

The communists' duties and work habits are to conquer and remake nature so it will effectively serve the people's welfare. Just like there is no bad land for a diligent farmer, there can be no place unfavorable for functionaries and workers who are loyal to the party and who take pains to work for the people. For anyone who uses their heads and makes sagacious efforts, disadvantages can be turned into advantages, non-existing sources can be created, and the people's standard of living can be improved in an epoch-making manner in such regions as mountainous areas, flat areas, and regions near the sea.

All functionaries and workers in the regions must find resources and sources in their regions without fail, actively develop it, and mobilize and utilize it to the utmost. The counties must actively create raw material bases as well as mulberry and herbs fields in accordance with the counties' natural and geographical conditions, and must patiently push ahead in a planned manner the nature remaking work [chayon kaejosaop] which the counties themselves can do, including the improvement of rivers and the carrying out of tree planting and afforestation work. Underground resources in the counties must be developed and utilized, and the work to pick and process natural raw materials such as wild fruits and vegetables must also be pushed ahead vigorously. Counties near the sea must develop fishing and sea farming, and must effectively use the resources of the sea. Procurement work must be effectively maintained to mobilize and utilize various agricultural and local products as well as various idle and available materials.

If the counties' economy is to be carried out effectively and the people's standard of living is to be improved in an epoch-making manner, it is important to enhance the role of functionaries who are responsible for the counties.

The experiences of the Commerce Management Offices of Chonchon and Maengsan Counties clearly show that if the functionaries, embraced with the one mind of loyalty toward the party and leader, exert themselves to improve the people's standard of living and lead the masses by highly manifesting the revolutionary spirit of self- reliance and fortitude as well as the revolutionary trait of setting examples for others, then great results can be achieved in the struggle to improve the people's standard of living in whatever unfavorable condition, and the counties' economy can be magnificently maintained.

All functionaries must struggle by devoting their energy and talent with a high spirit of loyalty toward the party and with a self-sacrificing spirit of serving the people, and must vigorously organize and mobilize the masses to fulfill their lofty duty and responsibility which they are entrusted with in providing a more abundant and cultured life to the people.

Our people are magnificent people. The most honorary and sacred duty of our functionaries is to serve our most magnificent people, who are infinitely loyal to the party and the leader and who are possessed with a high revolutionary spirit and lofty spiritual and moral traits, and who struggle so that all our people can live better. Functionaries who turn deep interest in the people's lives and who struggle by devoting everything to the people are truly faithful and truly uphold the party. The functionaries' sense of responsibility and ability to carry out various work appears in their efforts to further improve the people's standard of living.

If the counties are to effectively maintain their economy by themselves, the Administration Council and central organs must provide better conditions so the region's originality can be highly manifested, and they must actively help them.

Manifesting the region's creativeness while firmly guaranteeing the state's centralized guidance is an important principle which must be adhered to in socialist construction. By consistently adhering to and thoroughly embodying this principle, we must entirely manifest the region's originality.

The policy on bringing about a turning point in the people's standard of living by enhancing the role of the counties is the most just policy which is in conformity with the practical demand of our country's socialist construction and people's intention.

Each county in our country is magnificently fulfilling the role as regional base and regional unit of socialist construction under the wise leadership of the party and leader; they also have a firm material and technological foundation. Regardless of the mountainous areas, flat areas, and sea, there are many modern local industrial plants in every region and county, and there are many reserves and possibilities that can be mobilized and utilized. When we thoroughly implement the party's policy of bringing about a turning point in the people's standard of living by enhancing the role of the counties, the self-dependent economic basis of our own style of socialism will be all the more consolidated like bed-rock, and our people's happy and worthwhile live will be all the more enhanced.

We have with the dear leader Comrade Kim Chong-il's refined leadership, have a chuche-oriented policy to endlessly enhance the role of the counties, and have revolutionary people who will fulfill to the end anything if it is planned and intended by the party by even going through fire and water.

Today, the revolutionary spirit of our people who are consistently rising in the struggle to implement the respected and beloved leader's lifetime teaching is very high, and an endlessly bright future is unfolding in the road ahead of our revolution. With a firm faith and optimism, all functionaries and workers of local parties, administrative and economic organs, plants, enterprises, and cooperative farms must all the more highly manifest the revolutionary spirit of self-reliance and work all the more in a revolutionary and militant manner to bring about a revolutionary turning point in strengthening in every direction the might of our fatherland and in improving the people's living standard.

South Korea

UN Resolution Urges North To Implement Accord

SK1612015494 Seoul YONHAP in English 0150 GMT 16 Dec 94

[FBIS Transcribed Text] New York, Dec. 15 (YONHAP)—The United Nations adopted a resolution Thursday on the International Atomic Energy Agency's [IAEA] annual activity report urging North Korea to implement the nuclear safeguards agreement and allow IAEA inspection of its nuclear facilities.

The resolution was adopted by a vote of 161 "yeas" against only one "nay" with six abstentions.

North Korea was the only country opposed while China, Cuba, Iran, Laos, Vietnam and Ghana abstained.

The resolution urges Pyongyang to implement fully the nuclear safeguards agreement without further delay and to allow IAEA inspectors access to information and sites related to the safeguards accord.

Travel 'Control Office' in Panmunjom Planned

SK1612030894 Seoul HANGUK ILBO in Korean 16 Dec 94 p 2

[Report by Hong Yun-ho]

[FBIS Translated Text] It was learned on 15 December that the ROK Government will set up a tentatively named 'Panmunjom entrance and exit control office' to prepare for full-scale economic cooperation and frequent contacts between the North and South. The office will reportedly be a five- to seven-story building.

It was learned that the building will be equipped with an entrance and exit control office, a quarantine station for agricultural and fishery products, a customs office, a goods exhibition and sales center, and various kinds of convenience facilities.

The government had originally planned to map out such a project on a mid- or long-term basis. However, it advanced the plan as inter-Korean exchange is expected to be activated within two or three years in the wake of the announcement of the government's measure to vitalize economic cooperation and the authorization for ROK firms to visit North Korea.

The building will be established at the site of the "Freedom House," which has been left to ruin after fire broke out last July.

The Board of National Unification plans to request an emergency fund of from $5 to $6 billion next January and to begin designing the building as soon as funds are provided.

It was learned that the government, particularly, was incited by the completion of the exterior construction of North Korea's 'Panmungak' building inside Panmunjom.

A high-ranking government official said "it is necessary to prepare for full-fledged activation of inter-Korean exchange, which will take place soon," and added "In any case, the 'Peace House' would not be able to accommodate all affairs concerning entrance and exit control and customs. Therefore, we have to equip ourselves with additional facilities."

Business Group in North To Discuss Investment

SK1512125494 Seoul KBS-1 Television Network in Korean 1233 GMT 15 Dec 94

[FBIS Translated Text] The Ssangyong group stated today that 12 executives and employees of the group, including Vice Chairman Yi Chu-pom, entered Pyongyang via Beijing on 13 December and are now discussing investment issues with North Korea.

First Visit Since Kim's Death

SK1612002894 Seoul THE KOREA HERALD in English 16 Dec 94 p 1

[FBIS Transcribed Text] A team of senior managers from the Ssangyong Business Group are now in Pyongyang to discuss construction of a cement plant in the North, an informed source said yesterday.

It is the first visit by South Korean businessmen to North Korea since the death of Kim Il-song in July this year and the government's approval of entrepreneurial visits to Pyongyang early this month.

The Ssangyong delegation met with North Korean officials in Beijing Monday and flew to Pyongyang Wednesday afternoon, according to the source. Yi Chu-pom, vice chairman of the group, is leading the Ssangyong team comprising of 11 top group officials, the source said.

The Ssangyong team exchanged views with North Korean officials on Ssangyong's building of a cement plant and investment in the North, he said.

Pyongyang responded favorably to Ssangyong's plan, promising North Korea would give them more consideration than proposals from other South Korean businesses, he said.

After visiting North Korea's free economic zones including Najin and Sonbong, the delegation is to return to Seoul early next week, he said.

Cement and oil refining are two of the group's core business areas.

Korean-American Behind Visit

SK1612051094 Seoul YONHAP in English 0451 GMT 16 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 16 (YONHAP)—An elderly Korean-American who had been one of Kim Il-song's few friends in the West until his death in July is thought to have been behind a Ssangyong group delegation's visit to North Korea on Tuesday.

This figure is Son Won-tae, 80, son of the late protestant Minister Son Chong-to who supplied food and other necessities to Kim Il-song while he was imprisoned in Manchuria (the northeastern part of China) during the days of Japanese rule and the younger brother of the late South Korean Defense Minister Son Won-il.

Included in the 12-member Ssangyong team visiting North Korea are Son Won-tae and Son Myong-won, president of Ssangyong Corp. and son of the late Son Won-il, which means he is the nephew of Son Won-tae.

In his memoirs, Kim Il-song wrote, "It's the home of Minister Son Chong-to that I first visited upon being released from prison. I thought I must say 'thank you' to the son family for their kindness in supplying me with food, clothes and other necessities while I was in prison for seven months." Kim is said to have shown the Rev. Son the respect due a father.

In May 1991, Son Won-tae, the last son of the Rev. Son, traveled to the North accompanied by his wife, Yi Yu-sin, for the first time at the North Korean Government's invitation and was treated to Kim Il-song's warm hospitality in Pyongyang. Son was then practicing medicine in Omaha, Nebraska.

He has since visited North Korea several times and made friends with Kim Chong-il, who is said to have treated Son as warmly as his father did.

On Aug. 11, Kim Chong-il, though he was still in mourning over the death of his father, threw a big party for Son's 80th birthday, inviting many party and government leaders.

Son, then visiting Pyongyang to mourn Kim Il-song's death, politely refused the junior Kim's offer on the ground that the mourning period was still in progress, but Kim insisted saying he was holding the party to honor his father's will.

Inter-Korean Commodity Exchanges Increase

SK1612110494 Seoul YONHAP in English 1014 GMT 16 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 16 (YONHAP)—Commodity exchanges between South and North Korea totaled 18,598,000 dollars in 53 cases in last November, figures available from the National Unification Board showed Friday.

The amount represents a rise of 43.9 percent over the same month of last year.

The November volume brings to 194,906,000 dollars the total of inter-Korean commodity exchanges in the first 11 months of this year on an approval basis, a 4.5 percent gain over a year before.

A board official said that the amount of South-North commodity dealings was rather small in the first half of the year due to sluggish external trade on the part of North Korea.

Beginning July, however, commodity exchanges swelled to the level of about 20 million dollars a month owing largely to the introduction by the South of North Korean farm products in large amounts, the official added.

More Pro-North Koreans Getting ROK Citizenship

SK1612004794 Seoul YONHAP in English 0026 GMT 16 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 16 (YONHAP)—The number of pro-Pyongyang Koreans in Japan acquiring South Korean citizenship is on the rise, Foreign Ministry officials said Friday.

Pro-Pyongyang Koreans residing in Japan who newly registered as South Korean citizens in the first seven months of this year totaled 4,287, surpassing the 4,132 registered for all of 1993. The figure would double last year's if this trend continued until year-end, a ministry official said.

The number broke down by area into 1,251 in Osaka, compared with 1,436 for all of last year in this area, 838 in Tokyo, 675 in Kobe, 666 in Nagoya, 296 in Shimonoseki, 185 in Fukuoka and 57 in Sendai.

The need to protect their assets and relatively easy overseas travel on a South Korean passport spurred many pro-Pyongyang Koreans in Japan to switch to South Korean citizenship, the official said. He added, however, that whether North Korea's political unrest following Kim Il-song's death has something to do with the citizenship switch remains to be seen.

It is estimated that the Korean community in Japan comprises 490,000 pro-Seoul and 150,000 pro-Pyongyang people.

Reasons for North's 'Irrational Attitude' Viewed

SK1612080594 Seoul HANGUK ILBO in Korean 16 Dec 94 p 3

[Editorial: "Incomprehensible Attitude of North Korea"]

[FBIS Translated Text] It is typical of North Korea to be unreasonable, but its recent acts are even more peculiar. It has been over five months since Kim Il-song died, but North Korea has yet to form a new government. Obstinately insisting on an apology for the absence of condolences as a precondition to North-South dialogue, North Korea suddenly rejected the visits of South Korean businessmen, which had long been on hold.

Even though North Korean Vice Premier and Foreign Minister Kim Yong-nam, number 8 in leadership rank, tried to explain the irrational attitude in an interview with a leading German paper, it is still incomprehensible. He explained that Kim Chong-il is not officially assuming power because North Korea is following the tradition of not leaving the house for three years after a parent's death. Does this mean that the power vacuum will last for three years?

Regarding North-South dialogue, Kim Yong-nam repeatedly asserted that the South must apologize first for the South's antinational and inhumane crime of prohibiting mourning and placing the entire army in an emergency alert posture. However, it is ridiculous for us to mourn the death of a criminal who killed millions of compatriots by invading the South in the Korean war. How would he explain North Korea's excitement over the 19 April, 16 May, and Kwangju uprisings, and their propagandization of those incidents as opportunities for communizing the South?

It is also very suspicious that Kim demanded the abolishment of the National Security Law in response to South Korea's policy of promoting North-South economic cooperation. North Korea is well aware that the National Security Law was enacted to prevent North Korea from southward invasion and communization, and that the law will automatically be abolished when the North gives up communization. Their unreasonable demand is to slander the South.

Kim Yong-nam's interview was a gesture for improved relations with Germany. We could sense North Korea's hard-line attitude toward the South from the contents of the interview.

North Korea is very wary that South Korea might put a brake on or exercise influence over the implementation of the North Korea-U.S. nuclear agreement which was won in hard bargaining with the nuclear card, and which will lead to improved DPRK-U.S. relations, provision of light-water reactors, and economic cooperation.

It is certain that the North Korean system is not yet in order judging from its rejection of the visit of ROK businessmen to the North. North Korea is nervous about the effect of such visits on the party, government, military, and people. It appears North Korea is not ready to actually accept economic cooperation.

The ROK has no reason to hurry with dialogue and economic cooperation when North Korea is in such a condition. Without dialogue, the construction of light-water reactors and improvement of North Korea-U.S. relations will be delayed. North Korea is expected to invite economic cooperation actively next year when its internal system is in order. The ROK should wait for North Korea to reinstate itself.

* Kim Chong-il's Diplomatic Record Analyzed

Geneva Accord Kim's 'Product'

942C0219A SISA JOURNAL in Korean 25 Aug 94 pp 10-13

[By reporter Pyon Chang-sop]

[FBIS Translated Text] On the 8th of last month, one day before the death of North Korean President Kim Il-song was announced, public attention was focused on the North Korean diplomatic mission to Geneva. North Korean and U.S. teams held the first day's meetings for the third round of nuclear talks. "Beginning with these talks, let's conduct discussions centered on the proposals made by your side," First Deputy Foreign Minister Kang Sok-chu, North Korea's chief negotiator, said somewhat unexpectedly this day to chief U.S. negotiator and Assistant Secretary of State for Political and Military Affairs Robert L. Gallucci. This statement is clearly extraordinary in view of the previous North Korean attitude of continually adhering to its own demands. However, the talks, which had shown favorable progress, were abruptly cut off the very next day with the announcement of the death of Kim Il-song. "Let's meet again soon," Deputy Foreign Minister Kang said to Assistant Secretary Gallucci as he left for Pyongyang on the 9th, showing a willingness to reopen talks. However, Gallucci was skeptical, telling Kang, "That will have to come out of the mouth of a responsible authority after you return to Pyongyang."

De Facto U.S. Recognition of "Two Koreas"

Not expecting much even then, the U.S. side was once again surprised by North Korea's rapid response. Not long after Kang Sok-chu returned home, North Korea suggested, "Let's reopen the third round of U.S.-North Korean talks soon after the funeral." On the suggestion of Kang Sok-chu, North Korea's senior leadership accepted Assistant Secretary Gallucci's demands. One well-informed diplomatic source in Seoul, who claimed to have heard this story directly from a member of the U.S. negotiating team, said, "It was at that time that the U.S. and South Korean Governments detected that a positive change was beginning to show itself in the North Korean attitude toward the nuclear negotiations." Unlike in the past, they could read the sincerity in the North Korean negotiating team, he said. Aware of the change in the North Korean attitude from the first day of the talks, the U.S. team too quickly changed its plan. It would try to resolve the questions of the "present" and "future" of the North Korean nuclear program that can be solved first, without being tied down by moral obligations [to clarify North Korea's nuclear past]. In exchange for a definite promise by North Korea to abandon the reprocessing of spent nuclear fuel rods (present) and to halt construction of a graphite-moderated nuclear reactor now underway (future), the U.S. will establish a diplomatic mission, signifying a de facto recognition of North Korea as a nation, and support it with a 2,000-MW (megawatt, 1MW equals 1 million watts) light-water reactor. This is an almost complete acceptance of the package-settlement proposal North Korea has vigorously advocated up to the present. Of course, the greatest point of conflict, the question of clearing up North Korea's nuclear "past," is not being discussed at the present stage. However, this is expected to cause problems between the U.S. and South Korea because it is an issue concerning which the South Korean Government cannot make concessions. In fact, late last year the U.S. was going to accept North Korea's package-settlement proposal, but did not do so because of the strong objections of the South Korean Government. Following the U.S. agreement to exchange diplomatic missions, it is only a matter of time before the two nations agree to ambassador-level relations. On the occasion of the Geneva agreement, the U.S. gave de facto recognition to North Korea as a "nation." This can be viewed as a shift in U.S. policy toward the Korean peninsula: from recognizing the Republic of Korea as its only legitimate government to a "two-Koreas policy." Up till now, as it conducted nuclear negotiations with North Korea, the U.S. has made it a matter of common knowledge that if only the nuclear issue were resolved, it could also improve diplomatic relations. Thus, apart from the early time frame of improved relations, there is nothing very surprising about the U.S.'s recent de facto official recognition of North Korea as a "nation" since it was only pursuing its own national interests. What is startling about the recent Geneva talks is rather the change in North Korea's attitude. Deputy Foreign Minister Kang Sok-chu in the recent talks did not raise any of the usual subjects, such as substituting the armistice with a peace agreement and discontinuing South Korean-U.S. 'Team Spirit' exercises. And it is reported that when the U.S. presented contrary opinions on central questions, such as support for converting to light-water reactors and the processing of spent fuel rods, rather than flatly rejecting this, he showed efforts to accept it positively, as far as possible.

Diplomatic Missions, First Phase in Establishing Diplomatic Relations

Concerning this change of attitude, the dominant opinion is that it is due to the influence of Kim Chong-il, reportedly already in control of the party, government, and military. Lacking the charisma of Kim Il-song and faced with a difficult economic crisis, Kim Chong-il is said to have chosen an openness line, improving relations with the U.S., in order to overcome this. Western political analysts have been paying close attention to the Geneva talks because the success or failure of the negotiations will be a rule by which to measure the foreign policy of the Kim Chong-il regime. Thus, considering only the outcome of the negotiations, it seems safe to say that Kim Chong-il has made opening to the West and reform the tenor of his foreign policy. "The result of the high-level U.S.-North Korean talks is the first product of the Kim Chong-il regime," asserted Asia-Pacific Peace Foundation Director Kim Tae-chung in an interview with SISA JOURNAL. Kim Tae-chung is reportedly the one who gave former President Carter the idea to visit the North. "(With the recent Geneva agreement) Kim Chong-il has made a fairly positive appearance on the international stage," he observed. Of course, with next month's second round of talks and the specialist-level negotiations remaining, it is still too early to conclude that North Korea has chosen the path of openness and reform both in word and in reality. Actually, the text of the Geneva agreement contains only a principle presenting objectives to be resolved in the future, rather than the concrete details of an agreement. Because of this, some think that, faced with the crisis of Kim Il-song's death, Kim Chong-il made a tactical agreement with the U.S. to put off as far as possible the pressure of the international community caused by the nuclear issue and to earn time needed to stabilize his government. However, that North Korea, which has considered the U.S. to be its "blood enemy" since the Korean war ended in 1953, has at last agreed to set up diplomatic missions, which can be viewed as the first stage in the establishment of diplomatic relations, can be taken as a sign that it is prepared to step out into the open international community. North Korea joined the UN simultaneously with South Korea in August 1992, nominally becoming a member of the international community. However, unlike South Korea, which normalized relations with China and Russia, North Korea has walked a path of isolation, with a wall between itself and the U.S. Thus, the normalization of U.S.-North Korean relations has itself produced great aftershocks. It appears that it will cause great changes in the existing inter-Korean relationship, the U.S.-South Korean relationship, and within North Korea. Following success with the U.S., it appears that the North will intensify movement to establish diplomatic relations with Japan as well. As a result, the possibility of an exchange of recognition between North and South through the influence of the four great powers surrounding the Korean peninsula has already come within view. First of all, we can think of the disposal of the armistice agreement as [an aspect of] the normalization of U.S.-North Korean relations. This is related to the question of the withdrawal of U.S. forces stationed on the peninsula, and so is of great concern to the South as well. In the Geneva agreement, the U.S. guaranteed that it would not use nuclear weapons first against North Korea in the event of war. Not content with this, however, it appears that North Korea will try to carry through its position that the armistice agreement should be replaced with a peace agreement.

Outcome of Openness Policy Uncertain

A troublesome problem for the Clinton administration is when and how to lift various restrictions against North Korea, such as laws banning hostile trade including the embargo placed on North Korea in 1950. However, now that it has decided through the Geneva agreement to take measures easing trade restrictions, the U.S. Administration is certain to convince Congress and gradually relax measures restricting [trade] with North Korea. Major U.S. companies, preparing for a relaxation—whatever form it might take—of the various restrictions on trade with North Korea, have had their eyes on the North Korean market since early on. According to well-informed economic sources, as of last year approximately 144 foreign companies were operating in North Korea; of these, 127 are Japanese. In the U.S., Coca Cola, the telecommunications company AT&T, and the international mail-consignment company Federal Express have shown great interest in the North Korean market. According to unconfirmed reports, MacKenzie, the U.S.'s world-class management-consultation firm, is already in Pyongyang, participating in the economic reconstruction of North Korea. After Japan and the U.S., four companies of the Confederation of Independent States have made the most advances into North Korea. China too is reported to have three companies in the North. In addition, France is extending its reach with a hotel in Yanggang Province; Australia, with an office of the international mail-consignment company, TNT, in Pyongyang; and Denmark, through the company, Choden international. If North Korea improves relations with the U.S. and other Western nations, risks accompanying investment of foreign capital and technology in the North will inevitably decrease. Thus, although North Korea's economic liberalization policy will pick up speed, it is still difficult to determine its extent. "Because North Korea is pursuing a policy of limited liberalization that maintains internal-external isolation to prevent the aftereffects of liberalization, we cannot know what the results of the policy will be. However, the interest of foreign capital in investing in North Korea will grow," said Professor Kim Yong-ho (Foreign Service Institute [FSI], North Korea Policy). The problem is South Korea. Even at this point in time, when the U.S. has in fact recognized North Korea as a nation, there has still not been any change in the inter-Korean relationship, including economic exchange and the inter-Korean dialogue. In the past, the U.S. had presented "meaningful progress in inter-Korean relations" as one condition for improving relations. But the U.S. agreed with North Korea to establish diplomatic missions even though this condition was not met. And the question of the transparency of North Korea's nuclear past, a demand of the South Korean Government, was put off by the U.S. as an issue to be resolved in the distant future. There is a high probability that this U.S. attitude of contempt for South Korea will be repeated over the issue of a method of providing North Korea with light-water-reactor support. Considering the fact that, if the North is supported with South Korean light-water reactors, several thousand technicians will have to go back and forth to North Korea during the seven to eight-year period that will be required, our government secretly welcomes this as promoting inter-Korean exchange. However, the problem will be different if, fearing capital and technological subordination to the South, North Korea insists on a Russian light-water reactor. The dominant opinion is that, in such a case, there is a high probability that, for an early settlement of the nuclear issue, the U.S. will accept the North Korean position as is, as it did recently. We need to look at the issue in a little more cool-headed manner, even if it is decided to use South Korean reactors. "Starting even now, South Korea should not view the question of providing light-water-reactor support simply at the level of the national cause or of moral justifications, but should seek after its real interests, linking the issue with inter-Korean issues and the question of ensuring the transparency of North Korea's nuclear past," said Professor Yun Tok-min (FSI, North Korean Nuclear Program). "We are willing to support the construction of light-water reactors if North Korea guarantees nuclear transparency," President Kim Yong-sam said concerning this in an August 15th [Liberation Day] celebration address. His attaching a condition to support for light-water reactors is very suggestive. Experts agree that the present time, which has witnessed the materialization of U.S.-North Korean diplomatic relations, is more important than any other time in the past. Particularly for South Korea, one of the parties directly concerned with problems on the peninsula, improved U.S.-North Korean relations may make it possible to speed up opportunities for peace and unification, they point out. Hence, South Korea must use this in a way that fits its national interests. Others say that, although it is good to promote the opening up of North Korea, this does not mean that we cannot equivocate on issues such as the transparency of North Korea's nuclear past, the denuclearization of the Korean peninsula, or North Korean human rights. In addition, many are saying that on this occasion, we should coolly reevaluate the South Korean-U.S. relationship, which has been regarded as a "blood-tied relationship."

Interest Focus on 'New Diplomacy'

942C0219A SISA JOURNAL in Korean 25 Aug 94 p 13

[By FSI instructor Kim Yong-ho]

[FBIS Translated Text]

Exchange of Special Envoys with Japan Possible...Adjustment of Relations with China After Death of Deng Xiaoping Inevitable

With the appearance of a justifiable breakthrough in the nuclear issue, which had been the greatest hindrance to North Korea's improving its foreign relations, interest both inside and outside the country is focusing on the "new diplomacy" of Kim Chong-il. Casting off its Cold-War thinking, North Korea is now pursuing post-Cold-War diplomacy. How does North Korea's new diplomacy differ with that of the past? The outcome of working-level talks between the U.S. and North Korea will depend on how actively the talks are supported by South Korea and Japan. In the future, South Korea will aggressively begin negotiations with North Korea concerning support for light-water reactors—assuming a guarantee of North Korean nuclear transparency, the supply of alternative energy, and the performance of the Declaration on Denuclearization. This is because there is a need to build a foundation for unification through a relaxation of tensions on the Korean peninsula and inter-Korean economic cooperation. South Korea and Japan will most likely take the two-sided position of cooperation and restraint concerning the U.S. policy toward North Korea. However, in the event North Korea shows a changed attitude toward South Korea and Japan, it is possible that the two countries will compete, making efforts to improve relations with North Korea to secure political and economic advantages. To put it another way, the U.S. has very strong military and security interests concerning North Korea, but South Korea and Japan have political and economic interests in addition to military and security ones. North Korea and Japan have already set about creating an atmosphere conducive to reopening normalization talks. Soon after Kim Il-song died last month, Japan decided to send a delegation to his memorial service and is only waiting for a time to be selected. Also, through unofficial North Korean-Japanese contact in Beijing, Japan is working to reopen normalization talks. Particularly now that the U.S. has agreed in principle with North Korea to set up liaison offices, Japan has no reason at all to delay improving relations with the North. However, there are issues between Japan and North Korea, such as their past and war reparations, that must be resolved in order to improve relations. We cannot exclude the possibility of an exchange of special envoys or secret contact between the two in order to reach an inclusive package settlement of such issues. However, there is also the possibility that Japan will accept the "normalization-first-negotiations-later" proposal advocated by North Korea in the past. Conversely, North Korea may take a considerably relaxed approach to negotiations with Japan since relations with the U.S. have already started to improve. Ultimately, the reopening of North Korea-Japanese normalization negotiations is only a matter of time; the outcome of the talks will be related to methods of resolving outstanding issues. North Korea's new diplomacy will be seen in improved relations with the countries of Europe, Southeast Asia, and Central and South America, in addition to the U.S. and Japan. Because North Korea has been the subject of diplomatic sanctions due to the nuclear issue, even after agreeing to establish diplomatic relations with the Philippines and other countries, it has not been able to realize this. North Korea is especially working to strengthen economic and diplomatic relations with Germany, Italy, Thailand, Taiwan, and Singapore. The influence of North Korea's new diplomacy on existing foreign relationships is expected to be varied. It has already converted its past political and military alliance with Russia to a normal diplomatic relationship. However, North Korea's improvement of relations with Western nations will not, in the short term, damage its "blood alliance" with China. This is because, to reduce the aftereffects and risks accompanying improved relations with the West and opening up to the outside world, North Korea needs the support of its fraternal Socialist neighbor, China. In the long term, however, the North Korean-Chinese relationship too will gradually change from the special relationship of the past to a general, diplomatic relationship between states. Especially for the leader of China after the death of Deng Xiaoping, a readjustment of relations with North Korea will become unavoidable. Since the 1970's, North Korea has placed importance on diplomatic relations with nonaligned countries. The political, "anti-imperialistic" aspect of these relationships has already weakened due to the end of the Cold War and South-South economic cooperation is being emphasized more. North Korea too is expected to follow this trend.

North-U.S. Talks Impact on Asian Region Noted

SK1612020794 Seoul YONHAP in English 0135 GMT 16 Dec 94

[Report by Yi Dong-min: "Thawing North Korea-U.S. Relations Hasten New Northeast Asia Order"—KCNA headline]

[FBIS Transcribed Text] Seoul, Dec. 16 (YONHAP)—North Korea-U.S. relations have changed in 1994 in a most unpredictable way, bringing a new mood of mutual recognition and co-existence to the Korean peninsula.

Mixed feelings of success, failure and hope best describe the events this year that peaked with the Oct. 21 North Korea-U.S. nuclear agreement.

This assessment is basically a repetition—that much was done but much more remains to be done. But the pressure on South Korea and neighboring countries is heaviest now to get the most out of the thaw on the Korean peninsula.

The Oct. 21 agreement averted a head-on collision course and brought North Korea and the United States to the negotiating table. With the accord, the two sides for the first time began talking about tangible issues with a working timetable.

"It's important to get the first button right, and I say we got it right," said a Foreign Ministry official about the agreement.

As of now, Pyongyang has frozen any new nuclear activities. North Korea and the United States are holding talks to permanently resolve the issue of Pyongyang's suspicious nuclear program and improve bilateral relations.

Washington will eventually lift various trade restrictions on Pyongyang and exchange liaison offices next year.

"This was a 'regional group project.' South Korea and the United States took the initiative, Japan was there with support. China played its invisible hand to contribute to the solution," said another official.

The ice-breaking between Pyongyang and Washington signals a new paradigm for the region, a paradigm of mutual recognition and peaceful co-existence among nations harboring decades-long animosity.

Be it Washington's commitment to nuclear nonproliferation, part of a grand Asia strategy or pioneering into a new market, the United States has chosen to talk with North Korea.

Korea's neighbors—Japan, China and Russia—will now have to act on this lead.

This is the successful part.

But all these developments had no bearing on inter-Korean relations, and the ice remains uncracked between the two directly involved parties. Inter-Korean ties reached their historical apex when the two sides agreed on a summit last summer. But North Korean President Kim Il-song died unexpectedly, and the summit was aborted.

Seoul's banning of any consolatory acts or messages over Kim's death provoked Pyongyang, and their relationship became even tenser than before.

Pyongyang's refusal to commit to inter-Korean dialogue delayed the Oct. 21 nuclear agreement at the last minute, attesting to its determination to push Seoul out of the picture.

Washington is still being castigated for its naivete, for rewarding a nuclear threat like North Korea and setting a bad precedent.

North Korea is unlikely to break the terms of the nuclear agreement. Although this is a welcome prospect, it guarantees nothing about inter-Korean relations.

There will always be suspicions that the United States is making moves behind South Korea's back, something that both sides will have to work on incessantly to erase. But this year holds out more hope than any other in the past.

For one thing, the track is clearly laid for dialogue. As long as dialogue continues, tension on the Korean peninsula will not escalate but actually ease.

Cross-recognition between North Korea and Japan, and North Korea and the United States is no longer a future dream—it is now on the political timetable.

The best hope for Seoul is the prospect of North Korea's opening.

The 4-billion-dollar reactor project promised to Pyongyang is a giant plan that will affect North Korea slowly but decisively.

Foreign Minister Han Sung-chu emphasizes at every turn that it is most important to create the right conditions so that North Korea has no choice but to open up its society, a tactic that is more effective than obtaining written promises.

Officials at Korea Electric Power Corp. (KEPCO) say reactor construction requires at least 5,000 daily workers on site including overseers, planners and technical experts.

"North Korea probably doesn't realize what this means," says an official who is involved in the reactor project negotiations. "The money and the people, all of it has to come from outside. The impact of such introduction will be tremendous."

Inter-Korean dialogue will be a natural consequence of this process. "The money is coming from us," says this official. "They have to talk to us."

Officials say the current situation is like taking a step back to move two steps forward later.

All this means a heavier responsibility on South Korea to maneuver wisely through the changing times and circumstances.

All of the players—South Korea, Japan, Russia, the United States and China—are in a way working with a clean slate. The new North Korean leadership hasn't taken shape, and the prospects for economic ventures in the untrodden country are still vague.

But neighboring nations like Japan, China, Russia and the United States will try to gain a foothold on the Korean peninsula before a new order emerges, working with but on guard against each other.

Japan is already making a move, looking for a chance to resume diplomatic dialogue. China, now that the nuclear problem is no longer a burden on its relations with the two Koreas, will take a step back and exercise equidistant diplomacy. The same applies to Russia.

Rather ironically, a mood of peace surrounds Korea but hasn't quite reached the two Koreas. The task for Seoul is working in all these factors so that peace will take hold in Korea as well.

The idea of North Korea-U.S. diplomatic normalization, North Korea-Japan relations, and ultimately a reunified Korea has far- reaching consequences for all countries in the region.

As Foreign Minister Han says, the diplomacy of confrontation with North Korea is over. South Korea needs to look further afield for regional peace and stability, North Korea's social opening and inter-Korean detente.

Seoul-U.S. Talks Begin on KEDO Formation

SK1612025994 Seoul YONHAP in English 0238 GMT 16 Dec 94

[FBIS Transcribed Text] San Francisco, Dec. 15 (YONHAP)—South Korean and U.S. officials met Thursday to discuss the supply of light-water reactors to North Korea as well as the formation of and division of roles in the Korea Energy Development Organization (KEDO) that will oversee the reactor project.

South Korean Assistant Foreign Minister Choe Tong-chin and U.S. nuclear Ambassador Robert Gallucci held bilateral talks at the Stouffer Standard Court Hotel here and reaffirmed an accord reached in Washington last month that Seoul will play a central role in the reactor project and in deciding KEDO policy.

They also discussed their stances on the U.S. draft version of the KEDO charter. Choe reportedly emphasized that the South Korean model of light-water reactor should be specified not only in the KEDO charter but also in a reactor contract to be signed with North Korea.

The draft KEDO charter states that Washington shall represent KEDO. Choe reportedly urged that Seoul assume the KEDO post of deputy secretary-general, leaving the secretary-generalship to the United States.

Choe was to meet with Japanese chief delegate Tetsuya Endo Thursday afternoon to discuss the division of roles in KEDO among South Korea, the United States and Japan. Endo conferred with Gallucci earlier Thursday.

The three are scheduled to hold trilateral talks late Thursday afternoon, which will include dinner, to deal with the KEDO charter.

The three chief delegates will meet again Friday, after which experts' talks are to be held.

South, U.S., Japan on KEDO Board of Governors

SK1612075394 Seoul YONHAP in English 0729 GMT 16 Dec 94

[FBIS Transcribed Text] San Francisco, Dec. 16 (YONHAP)—South Korea, the United States and Japan agreed at a high-level meeting here Thursday to form a three-member board of governors for the projected Korea Energy Development Organization (KEDO), which is to provide new nuclear power plants to North Korea.

Participating in the meeting at the Stouffer Standard Court Hotel were South Korean Assistant Foreign Minister Choe Tong-chin, U.S. Assistant Secretary of State Robert Gallucci and Japanese Ambassador Tetsuya Endo.

Sitting on the board of governors, which will formulate major KEDO policies, will be South Korea, the United States and Japan: These three board members, China, Russia and the remaining Group of Seven (G-7) member countries will make up an advisory council for KEDO operations.

The decision-making board will decide the general items contained in a light-water reactor supply contract to be concluded between North Korea and KEDO, as well as the content of a commercial contract between a South Korean firm and KEDO, while holding responsibility for KEDO funding of reactor construction and overseeing the project when it gets under way.

The board will make decisions by a unanimous vote of the three member countries.

Emerging from the meeting, Assistant Foreign Minister Choe said Seoul, Washington and Tokyo had reconfirmed their earlier agreement that they would play the key role in the North Korean light-water construction project.

The number of nations participating in KEDO has yet to be decided, but the leading role of these three will not waver, regardless of how many countries take part, he added.

The three countries also neared agreement on setting up a KEDO secretariat by giving the secretary-general's post to Washington and the vice secretary-general's to Seoul.

KEDO will be inaugurated sometime after mid-January, and its main office will be situated in New York City for easy access to international financial services and to a North Korean point of contact, as agreed at their previous meeting in Washington.

The three countries kicked off expert-level talks on drafting KEDO's articles of association Thursday night and will continue meeting into Friday, along with a high-level session of chief delegates.

Korean-Born U.S. Congressman on Asia Committee

SK1612020594 Seoul YONHAP in English 0140 GMT 16 Dec 94

[FBIS Transcribed Text] Washington, Dec. 16 (YONHAP)—Korean-American Congressman Jay (Chang-chun) Kim has been assigned to the Foreign Relations

Committee's Subcommittee on Asia and Pacific Affairs in the 104th U.S. Congress opening in January.

Commenting on the assignment, the Korean-born member of the House of Representatives said he feels great responsibility, expecting he will have an influence on U.S. policies toward Asia as the only Asian-American in both the majority Republican Party and on the Asia-Pacific Subcommittee. With the launch of the World Trade Organization (WTO) next year, he will focus on trade issues as well as questions pertaining to South Korea, China, Japan, Taiwan and Vietnam, Kim added.

Turning to the Washington-Pyongyang nuclear accord reached at the Geneva talks, the Congressman said the United States made too many concessions by accepting a five-year delay in special inspections of the north's nuclear sites. Pyongyang must show more sincerity toward the inspections given the 4 billion dollars in assistance to be provided by the Korea Energy Development Organization, an international consortium. The lawmaker added that he plans to address problematic points in the U.S.-North Korea basic agreement.

He said he would consider visiting Pyongyang if his party wanted him to do so or if the North refused to allow inspections, although he has no plans to travel there for now.

Kim, who served on the small-business subcommittee as a newly elected Congressman during the last two years, was re-elected to the House of Representatives in the November midterm elections.

Federation of Korean Industries Hosts Rabin

SK1612002694 Seoul THE KOREA HERALD in English 16 Dec 94 p 8

[FBIS Transcribed Text] Choe Chong-hyon, chairman of the Federation of Korean Industries, hosted a luncheon for Israeli Prime Minister Yitzhak Rabin, his counterpart Dan Propper and other businessmen at one of the best hotels in Seoul yesterday.

The luncheon followed consultations between Korean and Israeli business leaders. The Korean businessmen were briefed on Israeli corporations interested in doing business with Korean corporations.

Other leading Korean businessmen are waiting for separate talks with the Israeli Prime Minister and the businessmen accompanying him during his official visit to Seoul.

The red carpet rolled out in public for the visiting Israelis, which is in sharp contrast with cooled Korean-Israeli relations several years ago, appears to be heralding a new era for bilateral trade, investment and economic exchanges.

Two Korean businesses have opened branch offices in Israel and other companies are planning to follow suit to promote trade, import technology and establish joint ventures.

In the past, Korean businessmen did not welcome Israeli visitors overtly for fear that they might become the target of Arab retaliation against corporations doing business with Israel.

But Korean-Israeli business relations have begun to improve since Rabin's government took the initiative to mend relations with its Arab neighbors.

Haitai International,, Inc. was the first Korean corporation to set up a branch office in Israel. Its branch office, established last year, is engaged in the trade of electronics products, textiles, machinery and other items.

After opening a branch office in Israel in February this year, Hyundai Motor Co. is promoting its auto sales in the Middle East country.

Samsung Corp., the trading arm of the Samsung Business Group producing various items from computer chips to sugar, is planning to set up a branch office in Jerusalem in the near future.

Though its volume still remains at a low level, bilateral trade is increasing at a fast pace.

Last year, Korea exported $118 million worth of goods to Israel and its imports from the country amounted to $114 million. But bilateral trade jumped 33.2 percent to $309 million during the first 10 months this year.

One promising area in bilateral economic relations is the Korean import of Israeli technologies in optics, aerospace, laser scanning and genetics.

The Federation of Korean Industries, an interest group for large corporations, said it will serve the interest of the two countries if Israeli technologies are combined with Korean production know-how for the manufacture of high-tech products.

Samsung Aerospace Industries, Ltd. is interested in Israel's aerospace technology, industry sources said.

Representatives of Lucky-Goldstar, Daewoo, Hyundai and other business groups are scheduled to meet with Rabin and the Israeli businessmen accompanying him for trade, participation in Israeli construction projects, technologies imports and other economic exchanges before they leave Seoul tomorrow.

President, Rabin Discuss Middle East Peace

SK1612021994 Seoul YONHAP in English 0203 GMT 16 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 16 (YONHAP)—South Korean President Kim Yong-sam and visiting Israeli Prime Minister Yitzhak Rabin met over breakfast Friday to solidify their friendship and exchange opinions on enhancing bilateral relations.

The two leaders reaffirmed an agreement reached at Thursday's summit on making joint efforts to achieve peace on the Korean peninsula and in the Middle East.

"At the meeting, the two leaders had in-depth discussions on keeping the peace in the Middle East," said presidential spokesman Chu Ton-sik. "However, the details are not to be disclosed."

Since the breakfast meeting was not originally scheduled, Rabin's planned visit to the truce village of Panmunjom Friday morning was called off.

Rabin: No Israeli Plans To Improve North Ties

SK1612080394 Seoul YONHAP in English 0755 GMT 16 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 16 (YONHAP)—Israel has no plans to seek rapprochement with North Korea despite a past fling, calling the country "an endangerment to tranquility, stability and peace in the Middle East," Prime Minister Yitzhaq Rabin said Friday.

Instead, he suggested beginning military cooperation with Seoul, saying he had invited South Korean Defense Minister Yi Pyong-tae to Israel "to see if there are any areas where we can cooperate."

Rabin is the first Israeli head of government to ever visit South Korea. Tel Aviv was once courted by Pyongyang, which wanted to sell its ore mines for cash and in exchange stop its missile sales to Israel's rivals Iran and Syria.

Pyongyang supplies the launchers, the capability and the technology to produce the missiles, and Iran has given hundreds of millions of dollars to develop longer-range ground-to-ground missiles, the prime minister told a press conference.

These North Korean missiles target population centers, "which means North Korea supplies weapons against the Israeli civilian population," Rabin said.

After initial contacts with Pyongyang, the prime minister said he judged it was a "major mistake" and ordered a halt to all talks with the North Korean Government.

"We prefer that... the danger North Korea presents... be dealt with by the United States rather than any Israeli," said Rabin.

The prime minister, concurrently his country's defense minister, met his South Korean counterpart Yi earlier in the day.

His visit signals a beginning to the process of getting to know each other, said Rabin. The invitation to Yi is "to see, to exchange visits, to learn about the other, to see if there are any areas where we can cooperate," he said.

Survey Says Small Firms Favor SRV Investments

SK1612001194 Seoul THE KOREA HERALD in English 16 Dec 94 p 8

[FBIS Transcribed Text] Small- and medium-sized companies are eager to invest in Vietnam in the hope of utilizing the cheap labor there and tapping the large local market, according to a survey released by the Korea Land Development Corp. yesterday.

About 120 of 5,000 small and medium enterprises surveyed expressed their intentions to set up plants in an industrial complex the corporation plans to build near Hanoi.

The area of plant sites needed to house the 120 firms reaches 2.14 million sq. meters, over twice the size of the 990,000-square- meter industrial complex under consideration, showed the survey conducted Nov. 15-30.

The three main motives for their investments in Vietnam were to take advantage of the cheap labor, to break into the huge local market and to move their production facilities overseas.

Poor infrastructure, the backwardness of investment-related laws and difficulties securing raw materials were cited as barriers to their investment in the country, the survey showed.

Of the firms, 60 percent had conducted their own feasibility studies to advance into the country, according to the findings.

The corporation plans to exchange a memorandum of understanding with the Vietnamese government on developing the industrial complex about 100 km away from Hanoi within this year, while it will sign a formal contract with the Vietnamese government in March next year, a corporation official said.

Construction on the industrial complex will begin late next year and the corporation will lease the site for 50 years, he said.

If housed in the complex, small- and medium-sized firms would be able to reduce investment risks and receive favorable treatment from the Vietnamese government, he added.

Korea Telecom, Philippines Sign Technology Pact

SK1612000994 Seoul THE KOREA HERALD in English 16 Dec 94 p 3

[FBIS Transcribed Text] Korea Telecom (KT) and the Philippine government yesterday signed a memorandum of understanding (MOU) on bilateral cooperation in the field of telecom technology.

KT President Cho Paek-chae and the Philippines' Secretary of Transportation and Communications J.B. Garcia, meeting in Manila in the afternoon, discussed ways to strengthen mutual ties before initialing the document.

After the signing ceremony, Cho Garcia and other telecom officials attended a Korean-Philippine joint seminar on telecom- related technological cooperation.

A dozen foreign telecom operators are currently competing to participate in telecom modernization projects in the Philippines, which plans to pour about $3 billion over the next five years to construct 1.17 million telephone circuits.

KT has recently established a local subsidiary there named Korea Telecom Philippines Inc (KTP).

The telecom giant plans to actively participate in the management of Retelcom, the Philippines' second telecom operator, through KTP. KT acquired a 20 percent holding in Retelcom at a cost of $18.2 million early this year.

KT is seeking to participate in the Philippines' telecom infrastructure expansion projects through Retelcom, which won a contract to install about 300,000 telephone circuits in the Manila area last May.

About $160 million worth of domestically made switching systems and other telecom equipment is expected to be exported through the project.

KT and Retelcom also plan to jointly take part in the country's local and international call markets.

KT is likely to bring in about $5.8 million in return for providing technological counselling on designing, operation and management of telecom networks to the Philippines.

Meanwhile, KT is also vigorously pushing to capture telecom modernization projects in Indonesia, Nicaragua, China and even North Korea.

By the year 2000, revenues from its overseas division are likely to account for nearly 5 percent of KT's total income.

New Democratic Party Copresidents Resign

SK1612110394 Seoul YONHAP in English 1003 GMT 16 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 16 (YONHAP)—Reps. Kim Tong-kil and Pak Chan-chong, the copresidents of the splinter New Democratic Party, on Friday resigned as party co-heads, assuming responsibility for the recent intra-party strife.

"I am responsible for all the things. The time has come for a new man to lead the party," Kim Tong-kil said at a party affairs committee meeting as he tendered resignation.

Pak Chan-chong offered his resignation earlier in the day. "I will henceforth be a mere plain party member. I am resigning as party co-head in the interests of party harmony," Pak said.

With their resignation, the New Democratic Party is expected to be run through a temporary leadership system pending a special national convention early next year.

Increasing Number of Officers Seek Discharges

SK1612024294 Seoul CHOSON ILBO in Korean 16 Dec 94 p 2

[Report by correspondent Yu Yong-won]

[FBIS Translated Text] Since the inauguration of the incumbent government, the morale of those in the military has decreased; the rate has also increased to a large extent of those officers whose service in the military is neither long nor short but who are applying for discharge. Compared with the end of the 1980's, the rate of those applying to become primary-grade officers is largely decreasing.

This fact has been made public in "A Book on the Morale and Welfare Policy for National Defense" published by the Ministry of National Defense on 15 December. This is the first time the Ministry of National Defense has officially published a book on the morale and welfare situation in the military.

According to this book, the "morale index," which is related to various incidents involving morale in the Army this year, shows that morale has decreased as compared with 1992. The following are morale indices: Officers, 66.4 (71.7 in 1992); non-commissioned officers, 66.6 (66.1 in 1992); and enlisted men, 73.8 (76.3 in 1992).

This year, it is known that out of the Army, Navy, and Air Force, the morale of officers, petty officers, and seamen in the Navy stand the lowest.

Besides, as the popularity of the military as a job decreases, a total of 12,000 soldiers who served in the military for more than ten years expressed their wish last year to be discharged from service, a 67 percent increase over 1988 when a total of 8,000 soldiers wished to be discharged. In the case of primary-grade officers alone, 2,412 captains of the Army and Air Force and lieutenants of the Navy expressed their wish to be discharged from service last year, showing a 34 percent increase over 1988 when 1,795 wished to be discharged; 6,680 sergeants first class expressed their wish to be discharged from service last year, showing a 50 percent increase over 1988 when 4,465 wished to be discharged.

* Former Army Chief Kim Chin-yong Interviewed

952C0018A Seoul WOLGAN CHUNGANG in Korean Oct 94 pp 316-335

[By reporter Kim Chun-pom]

[FBIS Translated Excerpt]

Sudden Removal by Presidential Powers

The sudden removal of Army Chief of Staff Kim Chin-yong and Defense Security Command [DSC] Chief So Wan-su in March last year stunned not only the Army but also the Navy and the Air Force. Outwardly it looked calm, but the sudden "cold spell" quickly chilled the hearts of the military in its wake.

The reaction of the military to the change in command was, "What will come will come" now that a civilian government was installed, and everyone was concerned about the new order in the making in the military. It is quite interesting that 20 years before to a day, the Yun Pil-yong case, commonly known as "the 8 March incident," took place in 1973.

The removal of the DSC chief may be nothing unusual in view of the nature of that post. But no one expected that the army chief would be replaced about 10 months before his legal two-year term expired. Of course there are some precedents in which the Army chief stepped down before the end of his term when a new president took over.

When the Sixth Republic took over, then Army Chief of Staff Pak Hui-to turned over the command to then 2d Army Commander Yi Chong-ku six months before his term was due to expire. But in the case of Gen. Pak Hui-to, he had served two and a half months before being replaced because the term of the office of Army chief of staff was extended to three years during the tenure of his predecessor Gen. Chong Ho-yong.

Kim Chin-yong was promoted to the rank of four-star general after many turns and twists and finally rose to the top post in the Army under the Fifth and Sixth Republics. But he was the first military leader to fall at the outset of the new civilian government. The decision to remove him was made "from the point of view of presidential powers as the commander in chief."

Needless to say, the expression "from the point of view of presidential powers as the commander chief" may be interpreted in many ways. But one thing was clear from the point of view of President Kim Yong-sam, that is, that what he feared most was that if Gen. Kim was retained as army chief of staff, the general would become a big burden to him.

To President Kim, it was really an important question whether present military leaders who grew under the former officer-turned presidents for the past 30 years would be as sturdily loyal to him as to his predecessors.

Whatever the reasons for his removal, Gen. Kim Chin-yong has never appeared before the press since he left Kyeryong Heights under "orders" on 9 March 1993, after 36 years in active service. Was he "reflecting upon his past" all this while as some people say? Or was he nursing a grudge against his sudden removal. Probably, the public may have been interested to know what he has been doing since, but the press has shown no concern whatsoever about this retired general. That may have been a blessing for him.

Rumors About Coup Attempt

Nevertheless fragmental reports, such as "he is devoted to a religious life" or "he is going to the United States for study," circulated intermittently. He was once at the center of public attention, but he became a "person of the past" forgotten in the passage of time.

In the latter part of last year, authorities inside and outside of the military were alarmed by a sudden rumor that a group of retired general officers belonging to the Hanahoe, with Gen. Kim Chin-yong at the center, was plotting a coup in collusion with some officers in active service. Although the rumor turned out to be false, it was a nightmare for Gen. Kim Chin-yong.

He left for the United States in April last year to study at the Hoover Institute in Stanford University. But there was the news that he temporarily returned home at about the middle of this August and was staying in his home in Samsung-tong, Kangnam-ku, Seoul. Did he return home to spend the summer vacation, or did he have some specific purpose? I was not sure whether he would agree to give an interview because he had never granted an interview while he was the Army chief of staff and even after he retired.

After hesitating I tried to call him up on the phone thinking that "I would lose nothing even if he declined." He was not at home. I called a second time, a third time... At last a middle-aged man with a a heavy voice picked up the phone. I asked, "Is the chief of staff at home?" The man said, "Eh, it's me. Who is this calling?"

When I told him who I was, he immediately recognized me. I began by asking about trivial matters to break the ice, but the purpose of my call was apparent to him. I asked him, "Could I meet you once?" But as expected, he coldly turned down my request for a meeting.

But for my patience, he might have hung up the phone. I persistently hung on, asking, "Could you find time to have a cup of tea with me?" Thereupon he gladly gave me the time and place to meet.

I had breakfast with him at a hotel restaurant in Kangnam, Seoul, in late August. He looked much healthier than he was before he retired one and a half years ago. His authoritative voce and dignified gait were the same as before.

For three long hours he expressed his highly critical views on many topics ranging from his removal from office, military reform, the 12 December incident, the recent ROK-U.S. military relationship, the morale in the military, and the press coverage of military-related affairs.

No Coup Attempt

He gave full play to his peculiar eloquence in his arguments, not stalling or hesitating on any subject. Yet he dealt on every subject sincerely, and at no time did he give the impression that he has scores yet to settle or harbors enmity toward the tide of the times.

Regarding his removal from office, Gen. Kim Chin-yong said: "I do not regret that I was removed from office. But

I still have doubts about whether that action was the best possible choice under the circumstances."

He strongly criticized the inappropriateness of his removal from office, from the standpoint of the political neutrality of the military when he said, "This kind of ill practice or custom should be rectified if the nation really wants the military to be neutral."

With regard to the military reform carried out so far, he succinctly said: "Correcting systems, practices, and consciousness is reform, but firing soldiers without reason and creating disharmony by dividing them into factions is not reform."

He added: "I could tolerate it if only the Army chief had been made a scapegoat with all the blame dumped on him under the tide of military reform. But when well-trained outstanding people were dismissed indiscriminately, how could that be helpful in improving the combat capability?"

On the litigation over the 12 December incident, Gen. KIm Chin-yong branded Chong Sung-hwa, Chang Tae-wan, and other plaintiffs as "a case of the thief shouting "Stop thief." He said: "The 12 December incident, a political case to begin with, was settled twice so far as a case for which there is no cause of action, and yet they are making a case out of this incident once again. Their action can only be seen as a political retaliation." "Therefore," he said, "in the last analysis, the only way to settle this issue once and for all is for the president to put an end to it politically."

Regarding the Hanahoe, the former chief of staff said: "The Hanahoe became a stuffed specimen after it was disbanded and lost its life shortly after the inauguration of the Fifth Republic." He added that when he was Army chief of staff, he undertook to disband private groups within the military for the comprehensive purpose of doing away with the factionalism and all related practices and customs that had been rampant in the military for a long period of time, and not just disbanding the Hanahoe.

Concerning "the rumor about a coup" that circulated last year, Gen. Kim Chin-yong tersely brushed it aside saying, "Where can you find soldiers interested in a coup in this plural society? and even if there were some who would support them?"

Asked whether he has a plan to go into politics in the future, the former army chief of staff said: "I like to refrain from using the word 'absolutely' in any case," thus strongly implying that when the time is ripe, he might go into politics.

Before engaging him in a long and serious discussion, I began by asking about how he has been doing these days. The following is the interview.

[Kim Chun-pom] One and a half years have passed since you retired from active service. How have you been spending your time since them?

[General Kim] I have been living just a simple life. I spent my time going to my church regularly, reading books, and doing exercises with some friends whom I had not seen for a long time... I used to live a tense life while in the Army for 36 long years, and one day all of a sudden I found myself with unlimited free time on hand, . At the beginning, I was at a loss what to do. As the months passed by I became accustomed to managing my time. [passage omitted]

[Kim Chun-pom] Have you met officers in active service from time to time?

[General Kim] I have never met any officer in active service since I retired. Some officers wanted to come and see me just to say "Hello," but I turned them down because I was afraid that if a man like me who was released from his position should meet officers in active service, it would trigger all kinds of speculation. They might feel disappointed, but eventually they all will understand why. it is good to enjoy a private life after leaving the military service, because I do not have to see reporters like this.

[Kim Chun-pom] Have you ever accompanied former President Chon Tu-hwan in his regular mountain walk?

[General Kim] Why do you ask? I joined him several times, of course, at his invitation. I like to exercise by nature, but I seldom went up a mountain because I think a mountain walk is an exercise fit for those with weak legs.

[Kim Chun-pom] Even so, an "all-round sportsman" like former President Chon does not go up a mountain because he has weak legs. Don't you agree?

[General Kim] No, I don't agree. He became weak, particularly in the lower part of his body, while he was devoted to managing state affairs for so long. That is why a mountain walk is good for people like him.

[Kim Chun-pom] When did you go to the United States, and what kind of work were you mostly doing over there?

[General Kim] I have been at the Hoover Institute in Stanford University since last April. I am not taking a regular course, but studying on a "visiting scholarship." In other words, I am a visiting research member. The subject I am interested in there is "North Korean foreign policy."

My field of particular interest is North Korea's relations with the United States and its policy toward South Korea. The Hoover Institute has many research divisions, but it is a world authority on researches in the issues of war, peace, and revolution.

It is the most suitable place for a man like me who has been a soldier all his life. Whenever there is a seminar on a subject in which I am interested, I attend it without fail to broaden my knowledge. Under the circumstances when all our people are worried about our policy toward North Korea, I regret that I had not started these studies much sooner.

(Author: He did not plan his study abroad way in advance. But he seems to have a burning desire to study as hard as any young man, at least in the fields in which he is interested. He said that he directly faxed dozens of faxed materials to the Hoover Institute to be admitted into the institute.

One of his Military Academy classmates, DLP Assemblyman Ho Sam-su, once studied at the Hoover Institute, and former President No Tae-u's son, Chae-hon, is also taking a Ph.D. course in international politics there.)

Neutrality of the Military'

[Kim Chun-pom] I hear that you planned to take a trip abroad, but cancelled it.... By any chance did you cancel it because of the investigation into the Yulgok scandal?

[General Kim] In those days I wanted to go on a pilgrimage to the Holy Land with a free and easy mind for the first time in my life. I made a reservation for my flight. But by an unlucky coincidence, there arose rumors about irregularities involving the personnel administration of the Navy and Air Force, and soon a scandal was brought to light.

As a result, some suspects were ordered by the Ministry of Justice not to leave the country. Of course, I had nothing to do with the Yulgok scandal, nor was I ordered not to leave the country. But judging from the atmosphere in those days, if I had left the country, it would have given the impression that I was fleeing the country because of the Yulgok scandal.

It was just a coincidence. That is why I cancelled my reservation and entire travel plan. Later I took the trip.

(Author: About the time he finished talking about his activities, I touched on some not yet clarified facts about why he was forced to relinquish his post as Army chief of staff. To blunt the sharpness of the questions, I broached the matter in a half joking manner saying, "What did you do to be out of favor with President Kim and ...?")

[General Kim] What is the use of delving into the matter belatedly? That is all history now. I have no particular interest in finding out the reason. President Kim took office on 25 February last year, and I was relieved on 8 March. There was not enough time for me to do anything to get out of grace with the president.

It was slandered by those who are fond of inventing false rumors. That is why I do not feel that it was wrong to remove me from my post, nor regret it. I think it was a choice the president was free to make.

However, from the point of view of the important principle of the neutrality of the military, I am still in doubt as to whether the decision, taken without regard to my term of office, was the best possible choice. Such practice must be corrected.

[Kim Chun-pom] According to rumors circulating in the town, when President Kim visited Yusong during his presidential campaign as the DLP candidate, he dropped in Kyeryong Heights, where he jogged with officers and men in the morning. At that time you, then Army chief of staff, did not join the group, nor come out to welcome him. President Kim might have been offended by your behavior at that time, and later might have decided to dismiss you when he became president.

[General Kim] Personally, he could have thought my behavior impertinent. But I do not think so. In fact, I did not act the way I did with any ill feeling. I behaved the way I did in order to maintain my position as Army chief of staff.

Suppose when the candidate of the ruling party comes, the Army chief of staff goes out and greets him; but when an opposition candidate comes, he ignores him, that is not a right thing to do. I thought it was best not to go out at all. In respect of status, even the presidential candidate of the ruling party is distinctly different from the president.

Rather Proud and Honored

[General Kim] He might have thought that way when he was the candidate, but I think that after he became president, he might have thought otherwise. The office of president does not allow personal feelings to influence presidential decisions on public affairs.

At any rate I found favor with two former presidents and rose to the position of Army chief of staff, and that alone is an honor beyond my desserts.

(Author: Whenever he referred to either former President Chon Tu-hwan or No Tae-u, he never failed to use an honorific. He never used such expressions often heard in the military as "Chontong" or "Notong" when he mentioned the two former presidents.

In this regard, the same was true with President Kim. Clearly he remained honest almost to a fault and courteous as a soldier to the supreme commander.)

[Kim Chun-pom] Who first informed you that you were relieved of your post? Would you give me some small details about what happened then?

[General Kim] I was at my office at Kyeryong Heights on that morning when then Defense Minister Kwon Yong-hae called me up on the phone. It was 11:30 AM. When I picked up the receiver, he said to me, "The president has just replaced you with Gen Kim Tong-chin, deputy commander of the ROK-U.S. Combined Forces Command [CFC], as Army chief of staff, effective today."

So I asked, "When will there be a change of command ceremony?" He said, "Tomorrow." I immediately instructed my subordinates to prepare for the change of command ceremony.

Later I read an interview with Defense Minister Kwon printed in a monthly magazine. According to the article, in those days the Chongwadae had a breakfast meeting with each minister by turns. On that day it was the defense minister's turn. Defense Minister Kwon went to the Chongwadae carrying a list of general officers, just in case.

During the breakfast President Kim told the defense minister, "We have to replace the Army chief of staff..." Mr. Kwon was taken aback by the suggestion, which was a bolt from the blue. The president asked him, "Could you obtain a letter of resignation from him?"

The Defense Minister replied, "There is no such thing as a letter of resignation for soldiers. All you have to do is to relieve the incumbent from his post and appoint a replacement." Immediately thereupon, the president appointed a replacement. This is all I know of the circumstances.

[Kim Chun-pom] How did you feel about what happened then?

[General Kim] Soldiers die, if necessary, to obey orders. I was not as surprised as others think I was. Obviously, it was not an honor to be relieved of my post before the term expired. But I don't think it a disgrace either.

Preposterous Rumor

[General Kim] If I had cut a sorry figure by trying to wrangle a higher position by using pull with someone in the government and ended up being removed, then I would have become a laughingstock. I rather feel honor and pride because I cleanly stepped down making no sordid scenes.

(Author: Regarding Defense Minister Kwon's behavior at that time, Gen. Kim Chin-yong said, "It seems an attitude unfitting to a soldier." He meant to say that to expose what was discussed during a face-to-face meeting with the president is not the way a soldier should behave.

Here is the story about what happened shortly after General Kim was removed.)

[General Kim] After visiting the National Cemetery on that day following the change-of-command ceremony, I immediately went to Masok, Kyonggi Province, to visit my mother's grave in the Moran Park. Coming out of the park, I noticed a sculpture park nearby for the first time.

One of the many sculptures displayed caught my eye in particular. There was an array of large granite panels arranged in certain intervals. Each panel had a cavity that looked like a cave. A man with his head cut off was gallantly walking into the granite cave.

While watching the sculpture, it struck me, "Ah, the Lord is sending me a message." I thought that the revelation was the message from the Lord that I should proudly make my way through reality, which is akin to this granite cave, even though I was beheaded [meaning sacked]. Since then I have never felt any sense of defeat or cowardice.

[Kim Chun-pom] After you were removed, did the Chongwadae contact you by any chance?

[General Kim] A few days later Secretary General Pak Kwan-yong called on me and we dined together. The president sent him to comfort me because Mr. Pak is my friend (classmate at Pusan Middle School).

On that occasion, I frankly asked him about the circumstances surrounding my removal. Mr. Pak said he had no advance knowledge of it. There are many channels around the president, you know.

[Kim Chun-pom] About this time last year, a scandalous rumor about you was circulating, startling the authorities. What did happen?

[General Kim] I heard about it myself. It was fortunate that the rumor proved to be false. It seems that there are such intrigues in any age. As far as the interested authorities are concerned, it is quite natural that they cannot just sit on such important intelligence. Naturally, they should conduct an investigation to ascertain the truth.

(Author: A supplemental explanation seems to be in order on this subject. The following is a gist of the so-called "scandalous rumor" about him: Hanahoe-affiliated general officers who were forcibly transferred to the reserve list since the new government was installed last year, together with some general officers in active service, were plotting a coup d'etat with Kim Chin-yong and a certain Major General C at the center.

The military authorities were alarmed. The rumor sounded more realistic because cleverly it was floated just before the regular personnel reshuffling in the military in October. However, the intelligence report was contained within the limited government circles, such as the Agency for National Security Planning [NSP], the DSC, and police, and did not spread any further.)

Rumored Coup, Strange Intelligence Not Isolated

(Author: Shortly afterward the rumor was found to be a fabrication. Some one fabricated and floated a likely "rumor about a coup plot" by craftily taking advantage of the chaotic situation in those days.

The source of the scandalous rumor has not been determined yet. This might be because the authorities concerned were derelict in their duty. But all the circumstances considered, there is a strong "suspect" at whom all those in the military who are in a position to know unanimously point their fingers. But let us wait for the right time because this is not the time to expose this suspect.

When the rumor, which caused an alarm for awhile, proved to be a fabrication, some military circles put this rumor and what is called "the case of a strange Hanahoe document" in April last year together and found some link between the two.

For instance, the two happened before the time for the regular reshuffle of military personnel in April and October, respectively. At each reshuffle, Hanahoe members and others in important positions were forcibly transferred in droves to the reserve list or sinecures. The leading figures or main suspects behind these two cases were promoted in the subsequent reshuffling. After all, they say, the two cases are not a strange coincidence.

In other words, they suspect that particular individuals or groups fabricated these cases prior to the scheduled military reshuffles so that the reshuffling might be carried out in the way they wanted.)

[Kim Chun-pom] Later, by any chance, did you hear who circulated the rumor [about a coup], and how he concocted it?

[General Kim] At about that time, I personally met the man (the person who was suspected of having prepared the intelligence report and submitted it to the higher authority—his name will remain anonymous because the allegation has not been confirmed). According to him, the report was forwarded from the Presidential Security Force as a piece of police intelligence. He said when the report was referred to the NSP for conformation, he reported back that "That man (Kim Chin-yong) is not the kind of person who would do such a thing." That is why I don't think the man I met is the one who prepared the intelligence report in question and submitted it to the higher authority.

Before leaving for the United States last April, I met NSP Director Kim Tok in person. When I asked, "Are you still troubled by that kind of problem these days? he replied smiling, "that is a thing of the past, isn't it?"

(Author: On this subject as on other subjects, General Kim candidly revealed what happened in those days without hiding anything. He didn't try to loudly claim his innocence, but seemed to believe every word of "the man" who is suspected by others when he said, "He could not possibly be the man.")

Rationality, Best Policy

[General Kim] At the meeting with the NSP director, I made this point: "We are the people who received the so-called West Point-style education during our Military Academy days. Since then we have known too well how seriously a coup d'etat sets back social development. The 16 May military coup took place in the year we graduated from the Military Academy. But we now live in a very plural society. Even if there were a coup by any chance, who would support it, and what country would recognize it? Who would try to overthrow the government lawfully chosen by the people, on what ground?" In the past I rather did my best to forestall any coup.

[Kim Chun-pom] As soon as you were appointed Army chief of staff, you issued Command Letter 1 ordering that "all private organizations within the military be disbanded." What is the real story behind this order, which you issued although you were a key Hanahoe member?

[General Kim] What I wanted to emphasize in those days was the dissolution of all private organizations in a broad sense of the term rather than any particular group. The Hanahoe was a typical one. I had in mind not only organizations that had a particular form but also the whole ethos of handling public affairs from the standpoint of personal connections.

For instance, people belonging to a particular group—such as a Military Academy alumni group, a group of old members of the 3d Division, and a high school alumni group—cooperate with one another very well, but they are very exclusionary toward outsiders. My intention was to do away with that kind of factionalism based on the old boy network and regionalism. Factionalism manifests itself often in the handling of personal affairs. It would be preposterous if one were to be promoted simply because he was a Hanahoe member when he clearly lacked the necessary qualification in the eyes of everyone.

It is equally improper to exclude someone from selection simply because he belongs to the Hanahoe, despite the fact that a fair evaluation of his performance proves that he is fully qualified. In my opinion, there is no principle better than rationality in every matter. If there was an anomaly in handling the personnel affairs of officers in the field grade when I was the Army chief of staff, it was entirely my fault.

I have never expediently appointed an unqualified man simply because he was a Hanahoe member. There should be a clear line of demarcation between public and private matters. They say when I issued the Command Letter in question, some Hanahoe members openly criticized it. But it was my command philosophy that public interest should never be undermined by private interest.

(Author: When the conversation turned on the topics of the Hanahoe and personnel administration in the military, General Kim continued with his peculiar eloquence. He tried to drive home that there are some misunderstandings with regard to the perception of the Hanahoe.)

[General Kim] I think there is no country that is more factional than ours. Not all descriptions of factionalism, such as groupings based on blood ties and regional and academic ties, may be regarded as bad. It is fully understandable that candidates for National Assembly seats or businessmen make use of these groupings. Even if this practice is bad, it causes little damage to the public welfare. But it would be a serious matter if the military organization, which should be most fair and impartial, should be influenced by factionalism.

None of Pusan High School graduates (General Kim belongs to the 10th graduating class of this high school) and Hanahoe members were ever promoted by my personal favor. When I was Army chief of staff, I put on hold the promotion of a major general to the post of corps commander until the next opportunity, although he was fully qualified for an immediate promotion, lest people might suspect that I was showing him a favor because he was my junior in high school.

Hanahoe, Dead Organization

[Kim Chun-pom] But it is common knowledge that personnel administration in the military has been largely monopolized by the Hanahoe.

[General Kim] You know how the Navy and Air Force scandals came to light last year. In the Navy, reserve naval officers who had grudges against unfair personnel administration sent anonymous letters to the authorities, triggering an investigation; and in the Air Force, a particular high school alumni group tried to control personnel administration, and the scandal developed in a reaction to this attempt. In the final analysis, both cases occurred because private interest gained the upper hand over public interest.

When the scandals over personnel administration in the military were bruited about last year, people said, "The Army must be much worse." But investigations uncovered no such scandals in the Army. In fact, this may indicate that the Hanahoe quite properly handled personnel administration in the Army. The Army was not tethered to factionalism; that is why it has earned the reputation of being "fair in personnel administration" by making decisions on the basis of the ability, quality, and personality.

(Author: At this point, General Kim explained the real state of the Hanahoe since 1980 as follows:)

[General Kim] People talk about Hanahoe all the time. But it demised as an organization under the two successive presidents, namely, Presidents Chon and No. In other words, it became a stuffed specimen composed of its outer shell. In fact, it became a majority view inside the Hanahoe that "now that we have produced two presidents, there is no longer any need to maintain the Hanahoe."

There were no longer regular meetings which used to be held once or twice a year. It became a social organization which had no other function than the promotion of mutual friendship on a private level. Normally, this kind of personal friendship exists in any organization, you know.

Even so, if they had hung together all the time, it might be a different story. But who could stem the flow of intimate feelings among friends, be they Hanahoe members or not? I hear that since last year there have been cases in which some officers suffered damage for the simple reason that they had friendly ties with Hanahoe members. It is really a deplorable thing.

(Author: Returning to the starting point, I tried to confirm the rumor in those days that it was the Korean Officers Corps [hanguk changgyodan], not the Hanahoe, that Gen. Kim Chin-yong tried to disband when he was the Army chief of staff.)

[General Kim] It is totally untrue. As I pointed out earlier, my intention was not directed at any particular private organization. I wanted a kind of spiritual reform designed to inculcate the attitude of regarding it as unpardonable for anyone to handle things by resorting to some factionalism in commanding the military.

Incidentally, the ROTC is not a large organization as you think. Several thousands of ROTC cadets are commissioned each year. But most of them leave the military service upon the termination of their obligatory terms; only a few volunteer for a long service. Graduates of first-rate universities are few among them. Naturally, they fall behind Military Academy graduates in terms of scholastic achievement and the quality as officers. Nevertheless there were some able persons among them up to the fifth graduating class.

Suit on 12 Dec Incident, a Vengeance

[Kim Chun-pom] Did you have any other purpose than making a deposition on the 12 December incident for returning home?

[General Kim] I returned home solely for that matter (deposition on the 12 December incident). To tell the truth, I had met a prosecutorial authority concerned before I left the country in April. When I told him I wanted to go to the United States for a specific purposes, he asked me, "Can you come back any time your are summoned?" I made the promise, "I will return home whenever it is necessary."

[Kim Chun-pom] What did the prosecution ask you about mainly?

[General Kim] Everyone knows about it, but I cannot give you the details of the deposition. Inasmuch as it is a kind of official secret involving the exercise of the judicial power of the prosecution, I must keep it secret for the sake of the prosecution. However, I would say that it was very interesting that there were as many as 70 questions I had to answer. It seemed that the prosecution thought that I knew every detail of the 12 December incident. But I know only a few things about it. That is natural because I was the commander of the 33d Guard Unit of the Army Capital Garrison Command at that time, and I was not in a position to know about things other than matters within the bounds of my duty and jurisdiction. The same may be true with the others.

[Kim Chun-pom] Recently, former Army Chief of Staff Pak Hui-to and others suddenly filed a countersuit. In this connection, rumors are rampant in the town saying that the countersuit has something to do with "the rumor about organizing a new party by the former supporters of the Fifth and Sixth Republics. What is the real story behind the countersuit?

[Kim Chun-pom] The countersuit has nothing to do with the rumor about a new party. They (the original plaintiffs) were the ones who were given posts under the Fifth and Sixth Republics. They had been quiet, thankful for their positions, but they suddenly filed a suit last year. If they had not filed a suit, nothing would have happened (there would have been no countersuit).

Since they filed the suit first, we have scrutinized newspapers, magazines, and whatnot to know the truth about the argument of the plaintiffs regarding the 12 December incident. We discovered that it was the case of a thief shouting "Stop thief." We thought that we should not sit back and do nothing about it.

That is why the countersuit was filed. I have never heard of the rumor about a new party. But it could be possible to organize a new party if people share the same political intentions. Don't you agree?

(Author: Even if there is no direct link between the countersuit and the rumor about a new party as he claims, I got a strong impression that some people are actually pushing ahead with a plan to organize a new party.

During the 12 December incident, Gen Kim Chin-yong held an important position as commander of the 33d Guard Unit of the Army Capital Garrison Command. The 30th Guard Unit under the command of Col. Chang Se-tong was on guard in the area adjacent to the Chongwadae; the 33d Guard Unit was on guard in the perimeter. These two guard units were the elite regimental level units created under the Army Capital Garrison Command shortly after the 21 January 1968 incident, and they were at the core of the security arrangement for guarding the Chongwadae. That is why they were under the direct command and control of the director general of the Presidential Security Force. When Col. Kim Chin-yong arrived at the headquarters of the 30th Guard Unit inside the Kyongbok Palace precincts at about 6:30 PM on that day, the 12 December incident broke out.

When he took up the subject of the 12 December incident, General Kim began to express his views in a clearer and more distinctive tone than before. He gave his own analysis of the reasons why Messrs. Chong Sung-hwa and Chang Tae-wan filed a suit.)

[General Kim] It is a fact that except former Army Chief of Staff Chong Sung-hwa and Kim Chin-ki, former provost marshal of the Army Military Police, most of the plaintiffs in the suit related to the 12 December incident received special favor under the Fifth and Sixth Republics, and they used to say they were grateful for it. Those same persons now became double-tongued. In fact, the suit was initiated as an act of vengeance on the part of Messrs. Chang Tae-wan and Chong Sung-hwa.

Because of the suit many people have had to bear the insult, and the state has had to waste a lot of resources and energy. Do you think it is alright for anyone to behave like that in order to give vent to his personal grudge and gratify his personal ambition? Of course, the thought of the family tragedy of Mr. Chang Tae-wan really pains me.

(Author: Regarding the 12 December incident, General Kim Chin-yong tersely said, "it was an accidental clash that happened in the course of investigation into the assassination of then President Pak Chong-hui." This view is shared by most of the defendants, including DLP assemblyman Ho Hwa-pyong, a main figure in the 12 December incident and a Military Academy classmate of General Kim.

Mr. Ho and others asked back, "If President Pak had survived by the grace of Heaven, would he have done nothing about Mr. Chong Sung-hwa, who acted in concert with Kim Chae-kyu?")

President Should Settle It

[Kim Chun-pom] You said the claim of the plaintiffs is a case of a thief shouting "Stop thief." If so, why didn't you punish the leading figures at the root of the 12 December incident by law?

[General Kim] We did not, not because we could not. In a sense, the plaintiffs were the vanquished and the main force in the incident was the victor. What is more, Mr. Chong Sung-hwa, the cause of the incident, was found guilty, and he himself accepted the verdict and did not appeal. Under these circumstances, I did not think it would do any good to open up the old wound and make his subordinates appear in court.

In my opinion, it was not desirable for the victor to drag the vanquished into the court at this juncture when the accidental incident has long been settled. It was not because their actions were justified that we did not take action against them, but because we believed that it would not be in accord with the magnanimity of the victors to open up the old wounds of the vanquished.

[Kim Chun-pom] How do you expect the prosecution's investigation to turn out?

[General Kim] If the prosecution investigates the case fairly, free from any intervention by the political power, I believe that the whole truth, which has been unilaterally distorted, will be brought to light.

I think the prosecution must be having a headache over the case. Because the president drew the line by defining the incident as a coup, the prosecution won't impudently try to overturn the definition... In the end the prosecution would have to make some arbitrary decision so that it might somehow fall in line with the president's definition. When all is said and done, only the prosecution will have a hard time of it.

However, this is a political case to begin with, and the president should settle it politically.

[Kim Chun-pom] To be more specific, what part of the actions of the plaintiffs do you think constitute an offence against the safety of the State?

[General Kim] First, Mr. Chong Sung-hwa was found guilty of abetting Kim Chae-kyu in the assassination of President Pak. But in my opinion, Mr. Chong was clearly an accomplice. He went through the Korean war and spent all his life in the smoke of gunpowder; therefore his claim that he did not know Kim Chae-kyu was the culprit does not hold water.

On the basis of what went on at Kungjong-tong at the time of the assassination, it was established as an undeniable fact that Mr. Chong was involved in the assassination. But he refused to be investigated by the Joint Investigation Team. Clearly, this was a contravention of the Constitution.

In Mr. Chang Tae-wan's case, he mobilized the troops of the Army Capital Garrison Command at his own discretion to interfere with the investigation of the Joint Investigation Team, but he never reported his action to the president, not even once. From the beginning, he disregarded the president and behaved irrationally all the way.

On the day of the incident Mr. Chang issued orders to attack the 30th Guard Unit of the Army Capital Garrison Command located in the Kyongbok Palace precincts and the DSC headquarters nearby with long-range artillery. The duty of the 30th Guard Unit was to secure the Chongwadae and its vicinity. Fortunately, his junior commanders and staff officers refused to follow his orders. Otherwise, the whole areas of the Chongwadae, the central government, and the Kyongbok Palace would have turned into the sea of fire, causing a great number of civilian causalities.

Judging from all this, Mr. Chang Tae-wan was the most serious real threat to the state at that time. Yet he is telling his story as if it were an act of heroism.

The Joint Investment Team reported each development to then President Choe Kyu-ha from beginning to end and conducted the investigation in a lawful manner by obtaining his instructions.

Awkward President's Position

(General Kim continues with his opinion of the 12 December incident.)

[General Kim] Suppose the 12 December incident was a "coup" as stated by President Kim, do you find any successful coup ever brought to justice in history? If the 12 December incident was unlawful, it would follow that all the domestic policies and foreign relations pursued under the Fifth and Sixth Republics were null and void.

What would become of the president who was elected president on the ticket of the party which was formed by a merger with the DJP?

(General Kim incisively said, "Each age has a specific role assigned to it, and if any should try to negate it, history would suffer from a vicious circle of stagnation and antagonism.")

[Kim Chun-pom] I don't know since when, but a mention of "Gen. Kim Chin-yong" evokes the images of toughness and a typical political soldier. What do you think of this opinion?

[General Kim] Strictly speaking, the term "political soldier" is not applicable in our country. In North Korea or any other socialist state, the words "political soldier" can be valid because three-star or higher general officers hold the positions of parliamentary or cabinet members.

Shortly after the 16 May military coup d'etat (1961), some officers in uniform held the post of cabinet minister; those people may be called "political soldiers." But now our country is a free democracy, and naturally soldiers cannot get involved in politics.

Therefore if the words "political soldier" are used in its original sense, it would amount to denying the polity of our country as prescribed in the Constitution. But the expression seems to be used in our country in some different sense.

For example, the expression "political soldiers" seems to refer to officers assigned to the ranger commando or other units stationed in the capital zone. Few people know that the units of the Army Capital Garrison Command enforce the strictest military discipline, and the Ranger Command is the foremost field command in which no soldier can stand the rigorous training and discipline, even for a single day, unless he has a strong physical and mental strength. First of all, reporters do not seem to fully understand the lives of officers because most of them served the military only as enlisted men.

(Author: They say that General Kim Chin-yong customarily has shown a strong aversion to people calling him a political soldier. When someone broached the subject of political soldiers, he would begin by defining the concept of the term "political soldier" and continue with his logical argument until the other side came to admit its own misperception.

It was in 1984 when he was promoted to major general and appointed as commander of the Capital Mechanized Division that he earned the appellation of "political soldier." During his days as a division commander—the position is regarded as the flower of the field army—he willy-nilly embarked upon the path of a "political soldier" at full steam by giving full play to his strong character and conviction.)

No Political Intervention by Military Tolerated

(Author: One day General Kim suddenly realized that he became "the powerful protagonist in an alleged coup plot by the ROK Army" in a speculative article by a Japanese reporter. The reporter in question was Takao Koto, editor in chief of "KOREA REPORT," a Japanese magazine published in Tokyo. He had never visited Korea before he wrote that article, which was based on wild rumors circulating in Japan in those days.

The article said that "Gen. Kim Chin-yong, commander of the Capital Mechanical Division, organized a 30-man council with his old classmates of the 17th Military Academy graduating class," and that he recommended a palace coup plan to then President Chon Tu-hwan. Needless to say this report was found groundless. Nevertheless the preposterous rumor that circulated in the midterm of the Fifth Republic greatly stirred the already tense political world in our country.)

[Kim Chun-pom] But when the meaning of the expression "political soldier" is defined more accurately, it may mean "a politically oriented soldier." In my opinion, political soldiers are the ones who are overly sensitive to worldly political issues and get involved in political problems one way or another, although all soldiers should stay aloof from politics....

[General Kim] Of course, you are right. Quite a few among my friends and my old Military Academy classmates are active politicians. When I meet some of them from time to time, our conversation naturally turns on political issues. In these conversations, my friends sometimes agree with my ideas and disagree at other times.

If I am seen as a political soldier in that context, I can accept the term. But I had known nothing but the military life until I was retired with the rank of four-star general. If I had wanted to engage in politics, I would have retired when I was a colonel and might have been on my fourth term in the National Assembly by now. Don't you think so?

Speaking of "politically oriented soldiers," then Presidents Chon and No during the Fifth and Sixth Republics never tolerated any soldiers who just showed an interest in politics. My conviction was really firm on this score.

(Author: At this point of the interview, I tried to change the mood of our conversation by changing to the subject of his Military Academy days. As is well known, General Kim was so energetic as a cadet in the Military Academy that he was chosen as the representative Hwarang of the 17th graduating class.

Selecting the senior Hwarang is the unique evaluation system in the Military Academy under which only one cadet is chosen as the senior Hwarang of a certain graduating class by the faculty and all cadets by a unanimous vote on the basis of his four-year academic achievement, leadership as a commander, friendship with his classmates, etc. Maj. Gen. Hwan Won-tak (18th class), senior delegate to the Military Armistice Commission; Gen. Yi Chun (19th class), commander of the 1st Army; the late Gen. Yi Hyon-pu (20th class), former commander of the 7th Army Corps who died in a helicopter clash in 1992, are also among the senior Hwarangs the Military Academy has turned out. General Kim Chin-yong was the first senior Hwarang to become Army chief of staff.

There is an unusually large number of outstanding figures among the 17th Military Academy class. Among General Kim Chin-yong's classmates are: DLP assemblymen Ho Sam-su and Ho Hwa-pyong; Kim Yong-kap and Yi Mun-sok, former ministers of government administration; Defense Minister Yi Pyong-tae; Army Chief of Staff Kim Tong-chin. It is unusual that two member of the same Military Academy class became chiefs of staff.)

Increased War Potential, Goal of Military Reform

(Author: During his senior year at the Military Academy, Gen. Kim Chin-yong won the first prize at a national collegiate simulated National Assemblymen session held at Koryo University in May 1960. From that time on he gradually cultivated a fine art of conversation and eloquent speech, a lucid briefing style, and an ability to attract the audience.

When the topic shifted to his Military Academy days, the face of the man who was getting on for 60 brightened suddenly and seemed to return to his cadet days in his mind.)

[General Kim] When I was in the senior class of the academy, I was a student regiment commander and Kim Tong-chin was the student senior personnel administrator. We stayed together in the same quarters. Between him and me, we changed command twice, first on the position of CFC deputy commander and then on that of Army chief of staff. The new Army Chief of Staff Gen. Kim Tong-chin was an outstanding cadet in many respects. I hope the press will help him a lot.

(Author: General Kim Chin-yong worked his way through Pusan High School by delivering newspapers because his parents were not well-off. But now he says, "I have come to believe that poverty is not something to be proud of in a capitalist society." This is because, he says, only when one knows poverty is a shame, will he be able to get rid of it.)

[Kim Chun-pom] You have some unique mien, which became the gossip of the town. Some gossip said your neck is strained too much and your voice and gait are too menacing. What do you think of it?

[General Kim] Of course, I acquired a new demeanor while in the Military Academy. While undergoing regular training in the Military Academy, my seniors taught me "put your chest out, hold your chin up, speak forcefully, and walk surefootedly." I have my own conviction that "one must always practice what is good."

Other students held that demeanor only when someone else watched. But I did what I was told to do, and that became my habit. That is why I was often criticized for being cocky, not only in my cadet days, but also after I was commissioned.

(Author: Returning to current issues, I raised the question of military reform, the subject about which I was afraid he might feel uncomfortable. As expected, he criticized every aspect of the government's military reform program saying, "It is not reform, it is making things worse.")

[General Kim] Of course, reform is necessary in any age. In this respect, the military is not an exception. In my view, reform in any field should always be aimed at rectifying existing systems, practices, laws, and regulations, customs, and perceptions. The military in particular should aim the reform move at improving its ability to fight against the enemy, that is, defense capability. To this end, it must give priority to unity and harmony while making much of its personnel and keeping the military morale in mind.

ROK-U.S. Military Relations Not Smooth

[General Kim] But the military reform has proceeded in such a way that the military has been divided into factions aggravating division and people were dismissed just like a pair of old shoes. As a consequence, distrust rather than unity has become the order of the day, and the cowardly ethos of trying to study the humor of senior officers has set in. After the reform move got under way in our military, North Korea made so little of our army that its delegation at Panmunjom made an arrogant statement about "turning Seoul into a sea of fire." As I see it, a reform which emboldens the enemy to the point of making light of us and which causes division to the military, is not a reform in the true sense of the word.

Under the general trend toward military reform in those days, I could tolerate my removal from office, bearing all the blame on my shoulders as the head of the army. But subsequently, well-trained, outstanding people were sacked indiscriminately. Do you think that was helpful in any way in boosting our war capability? (Author: Asked about the outlook for the future of our armed forces, he said: "I am neither optimistic nor pessimistic.")

[Kim Chun-pom] As a man who once served as CFC deputy commander, what do you think of the current ROK-U.S. military relationship?

[General Kim]] It took more than 50 years to develop ROK-U.S. relations to the current level. When the U.S. Forces in Korea brought in Patriot missiles as part of their mid-long-range plan, some people opposed it arguing that the sale of weapons was the real purpose. How would the U.S. soldiers feel about that kind of attitude?

The current condition in which opposing the United States is regarded as an act befitting an independent-minded person is clearly wrong. The current ROK-U.S. relations are less friendly than they used to be. People in all walks of life should give a more serious thought to this matter.

[Kim Chun-pom] On several occasions in the past President Kim said, "After political soldiers were kicked out, the morale soared." What is your comment on this?

[General Kim] I cannot say anything conclusively because I have made no concrete survey. But to claim the morale has improved after dressing down the military so severely is illogical. As long as I remember, the morale of the military has never been so low.

In the past one year or more, each time military officers of outstanding quality were dismissed, the defense minister or other military leaders tried to pass the buck to the Chongwadae saying, "I did not want it, but I had to do it because that was the president's order. (In this way he made cutting remarks at the attitude of these leaders.)

[Kim Chun-pom] But from the standpoint of the military leaders, they have no other choice but to obey the orders of the president. Don't you think so?

[General Kim] It is unbecoming in a staff officer always to say "Yes" simply because the orders came from the upper authorities. He could unhesitatingly say "No" when he does not believe the instruction is right. When one takes the position of importance, he should be ready to sacrifice himself.

If the president were surrounded by people with no conviction, eventually he would be unfortunate. How can you entrust anything in the kind of person who talks glibly to please the whim of his superior to the extent of being sycophantic, but the moment he turns around, he says something else?

A President Surrounded by Yes-Men Is Unfortunate

(Author: Gen. Kim Yong-chin said when he was the army chief of staff, he turned down a request by his superior for a favor to promote a particular person because he found that the man was not quanlified for promotion. The superior respected his decision by saying, "If that is the case, just forget it."

Having said that, the general added: "the neutrality of the military requires efforts on the part of the military itself, but more importantly, neutrality is possible when the president has a will to observe it strictly."

He confided to me that former Presidents Chon and No bestowed much favor upon him but he was so straight forward that people around him tried to bring him down a peg or two.)

[Kim Chun-pom] What do you think of the press coverage of the military in the past?

[General Kim] In my opinion the press is too much obsessed with the past. Rather it is necessary for the press to analyze and suggest as occasion arises what needs to be done now for the future of the military and what needs to be corrected.

This does not mean that the military should always stand aloof from the press. When a parent scolds his child, he should clearly explain why he is scolding the child before going into the details of the problems. In this process the parent should not do anything that may hurt the self-pride of the child.

Like the saying "the wind is never still in a tree with many branches," a day seldom passes in the military, in which soldiers of all backgrounds, do not see an accident. The military should be given a free hand to handle trivial things that happen in the barracks.

I hope that the press will keep in mind that it should never do anything to turn the military into an object of popular hatred.

(Author: General Kim Chin-yon also touched on the press in general and gave his unique view of the press.)

[General Kim] They are clamoring about improving the international competitiveness of the country, but facts seem to suggest something different. When I was abroad, I noticed that foreigners do not know who are the ROK president and the National Assembly speaker, but they do know the names of Samsung and Daewoo.

They talk about the quality of Samsung and Hyundai products they bought, but they don't discuss democracy and politics in our country.

Suppose a product of a certain foreign country made a big hit on the world market. Customarily, the press in that country would give prominent coverage of the individual or team that planned the product, carrying interviews with this person or group and featuring the process that led to the planning of the product, as well as the recollections of the persons involved, etc.

In other words, the press overseas invents heroes. If our press operates the same way, the public will take a self-pride in being ROK citizens and entertain hopes for the future. The 21st century will be a century in which economics will come first. Now the press should help nurture entrepreneurs rather than politicians.

Treat Entrepreneurs Better Than Politicians

[Kim Chun-pom] What is your plan for the future? By any chance, are you thinking of going into politics?

[General Kim] Well, I have not hit upon any clear idea yet. Since last year I have often gone out at dawn to say prayers. But nothing definite has emerged.

I am 57 years old. Each time I got a medical checkup, they gave me a clean bill of health. I should do something worthwhile for myself and the country.

As you know, not everyone is fit for politics, and politics seldom works the way one wishes. I know I have no knack for politics and used to think that it is better for a man who rose to the position of army chief of staff not to get involved in politics.

But when the time comes and I decide that it is necessary for me to engage in politics, I might go into politics. That is why I try to avoid using the word "absolutely" under any circumstance.

(Author: Contrary to his custom, General Kim Chin-yon spoke in a roundabout way, but strongly implied that when the time comes, he will go into politics anytime. The implication seemed to have something to do with the rumor about a new party.)

Burma

Khin Nyunt Receives PRC Construction Minister

BK1512154394 Rangoon Radio Myanmar in Burmese 1330 GMT 15 Dec 94

[FBIS Translated Text] Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council of the Union of Myanmar [Burma], received visiting PRC delegation led by the construction minister at the Defense Ministry's Dagon House at 1300 this afternoon. Also present were U Ohn Gyaw, minister of foreign affairs; U Khin Maung Yin, minister of construction; and the PRC ambassador.

Kachin Statement Cites 'Dismay' With SLORC

BK1512161494 London BBC in Burmese to Burma 1345 GMT 14 Dec 94

[Commentary by Larry Jagan]

[FBIS Translated Text] The KIO [Kachin Independence Organization], has expressed dismay over the lack of progress since signing the peace agreement with the Myanmar [Burmese] Government last February. In a statement today, the KIO urged the government to work harder to encourage economic development in border regions. It was also stated that peace and national reconciliation in Myanmar could only be obtained when the three main political groups—the military leaders, the leaders of armed ethnic groups, and opposition leader Daw Aung San Suu Kyi—become involved in the political process. Larry Jagan filed this commentary on the statement:

In its statement issued Wednesday, the KIO summarized the seven main resolutions of its Central Committee, which is the organizations's administrative wing. The KIO also emphasized in the statement that it will continue to pursue the program for peace. The cease-fire agreement is only part of this program. The KIO stated that it is doing as much as possible for the economic development of the Kachin State since the fighting ceased. The KIO has clearly warned the government that it will continue to approach international organizations for technical knowhow and financial aid to assist with its regional development programs. According to sources in Yangon [Rangoon], the powerful military intelligence chief, Lieutenant General Khin Nyunt, told senior Kachin leaders during the discussions early this year that they could freely seek aid from non-government organizations like the International Aid Organization. According to Kachin sources, the government has not implemented this principle and the majority of government officials have rejected the idea of the KIO freely seeking aid from international organizations. In its statement, the KIO also warned the government that it hopes for some explanation in the near future about this principle.

The Myanmar military leaders are anxious for the KIO to attend the National Convention ,that began drawing a new constitution soon after the KIO signed the cease-fire agreement. The KIO has declined to send representatives. Moreover, after viewing its statement, it is evident that it has no intention of attending and participating in the convention according to the current convention principles. Analysts believe that although the KIO statement does not mention the convention, the group's failure to attend indicates that the KIO is not ready to acknowledge the legitimacy of the convention.

Actually, the KIO has its own plans on how to restore peace and national reconciliation. In the statement, the KIO noted participation of the three key groups in the political process as a way to obtain genuine peace. Kachin leader Brang Seng, who died of a stroke earlier this year, mentioned many times in past years that this is the only way to solve the political crisis. He submitted a proposal in May 1992 to Senior General Than Shwe [SLORC chairman] for inclusion of this this formula at the National Convention. All resolutions passed by the Central Committee earlier this month reconfirm the KIO commitment to comply with the peace process engineered by Brang Seng before his death.

This is only the ninth time the Central Committee has held this kind of meeting since the KIO was founded in 1961. Actually, the purpose was to establish KIO programs for coming years.

SLORC Breaks Cease-Fire Pledge With Karen Rebels

BK1612061894 Bangkok THE NATION in English 16 Dec 94 p A2

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] The Burmese junta has broken its ceasefire pledge and launched the first major offensive against ethnic Karen guerrillas in nearly three years, capitalizing on internal religious dissension and a mutiny by a group of Buddhist Karen fighters.

The Karen National Union (KNU), in a statement released yesterday, accused the ruling State Law and Order Restoration Council (Slorc) of sending agitators to stir up dissension between Buddhists and Christians, and questioned Slorc's intentions and earlier calls for national reconciliation.

The Buddhist-Christian conflict climaxed on Sunday when several hundred Buddhist guerrillas in and around a Buddhist temple on the confluence of the Moei and Salween rivers clashed with mainforce KNU fighters.

The mutineers temporarily held hostage a group of mediators sent to settle the dispute, but released them after fighting which resulted in several casualties.

The KNU blamed Slorc for the mutiny, saying it had tried to "sow dissension" among the Karen people through the manipulation of "religious differences".

"Through the work of its undercover agents, it (Slorc) succeeded in organizing some unscrupulous opportunists to agitate in one area of the KNU," said the statement.

According to the statement, the Burmese army began heavy shelling of Karen bases at Kawmura and Nawta on Saturday, one day before the mutiny.

It said the Slorc troops who attacked Nawta, which is opposite Thailand's Tak province, were repulsed with heavy casualties.

"This move by Slorc has made the KNU leadership see the Slorc's affirmation of national reconciliation and unity in a different light and to start questioning the real intention of Slorc," added the statement.

Thai border authorities confirmed that since early December Slorc had been moving heavy weapons and reinforcements into its stronghold around Htee Par Wee Cho, or Sleeping Dog Hill, the frontline where the Burmese and Karen troops have confronted one another for the past few years.

The offensive resumed after a lull of nearly three years at the time when the KNU and the Slorc are quietly working out a formula for their first meeting to negotiate peace. While Slorc has insisted that ceasefire talks take place in Moulmein, the capital of the Mon State, the Karen demand that they occur in Rangoon in the presence of the United Nations.

Thai authorities expressed "extreme surprise" at the Burmese offensive but confirmed fighting was continuing yesterday. They said shelling was detected yesterday along the Karen-controlled border with Thailand.

The Burmese troops were about 10 kms from the KNU Kawmura camp on the Moei River, opposite Tak's Mae Sot district, and about 10 kms from the dissident students' headquarters of Daunggwin in upper Salween River, opposite Mae Hong Son province.

The All Burma Students Democratic Front (ABSDF), which established its bases in the KNU areas, said the Burmese army's dry season offensive was aimed at overrunning the Karen headquarters at Manerplaw and other bases of anti-Slorc democratic forces.

It said intense fighting was continuing and that the 33rd and 44th light infantry divisions of the Burmese army's southeastern command had attacked and occupied Mae Nyaw Khei and Mae Pa outposts on Sunday.

Further Refugee Arrivals From Bangladesh

BK1612131294 Rangoon THE NEW LIGHT OF MYANMAR in English 14 Dec 94 p 6

[FBIS Transcribed Text] A total of 1,126 persons of 216 households returned from Bangladesh and arrived at five reception camps under the agreement reached between Myanmar [Burma] and Bangladesh. Among them, 195 persons of 39 households arrived at Taungbyo camp; 219 persons of 39 households at Ngakhuya camp; 124 persons of 18 households at Pyinbyu camp; 390 persons of 80 households at Kanyinchaung camp, and 198 persons of 40 households at Magyichaung camp. Altogether 123,410 persons of 25,723 households have arrived back so far since 22 September 1992.

Brunei, Malaysia & Singapore

Malaysia

Daily Condemns Superpowers' Attitude on Bosnia

BK1512131494 Kuala Lumpur BERITA HARIAN in Malay 1 Dec 94 p 10

[Editorial: "The Strategy of Great Powers to Destroy Bosnia-Herzegovina"]

[FBIS Translated Text] Prime Minister Datuk Sri Dr. Mahathir's doubt over the sincerity of the great powers in dealing with the brutal murders in Bosnia-Herzegovina is absolutely correct, as their pretense and dissimulation are increasingly exposed.

We see that the U.S. fang has become dull in the increasingly serious conflict. France, Britain, the EU, and Russia want to become heroes. NATO is like a boat without a skipper, and the United Nations has become a coffee shop for chit-chatting. The United States has changed its policies quickly, despite realizing that more people are being murdered. France and Britain tend to defend the Serbian terrorists and show the world that they prefer arguing with the United States to allow the war to spread.

Consequently, the United States and its NATO allies no longer show any interest in launching air raids on the Serbian terrorists, although they earlier agreed to do so. The great powers also want to withdraw their troops from the former Yugoslav republic out of alleged fears of Serbian revenge. How can we believe in their empty talk? Having been disappointed with the Western attitude, Dr. Mahathir no longer controls his words when he criticizes the great powers as being irresponsible. In the West, they prefer to see Bosnian civilians murdered by the Serbian terrorists.

We see all the events in Bosnia-Herzegovina as no more than a Western gimmick. They have deliberately created the conflict to convince the world that action against the Serbian terrorists is difficult to carry out. Europe's supposed reluctance to tackle the crisis has provided the United States with an excuse to be in a dilemma. What they have portrayed to the world—that relations between the United States and its NATO allies, particularly Britain, have been strained—might have been deliberately invented as an excuse for them to be reluctant to act and to enable them to use the United Nations to ask the United States to cancel air raids on the Serbian terrorists.

It came as no surprise that U.S. Senator Bob Dole strongly condemned this cowardliness. Dole cynically said that all UN peacekeepers should be withdrawn if they were afraid of Serbian revenge. Britain was strongly affected by this fact and accused the United States of being unwilling to station its peacekeepers in Bosnia-Herzegovina.

Perhaps the United States under Bill Clinton does not want to act. However, Clinton should remember that the American people will punish him in future congressional and presidential elections. The Republican Party will certainly use the Bosnian issue as ammunition to defeat the Democratic Party and topple the Clinton administration.

The great powers probably applauded when the U.S. defense secretary said on CNN last Sunday [27 November] that the Serbian terrorists had won the war. Was this a severe blow to the United States and NATO or in fact their hidden victory? Why was the Serbian victory easily announced, while their air raids had been very limited? We will accept a Serbian victory only after all forces are mobilized to pound the Serbian terrorists and total warfare is launched. We do not consider the war over because they fought just to mislead the world. We are a bit disappointed with Perry's remarks that NATO's involvement will require hundreds of thousands of troops. Is this the problem? Were troops not needed to attack Iraq? Why are they speechless over this matter?

Now the United States seems to be opting for a middle ground, seeking a settlement through talks. All this is just their ploy to wait for Bosnia-Herzegovina to be reduced to ashes.

Russia To Train Six Pilots To Fly MiG-29s

BK1612093794 Kuala Lumpur Voice of Malaysia in English 0800 GMT 16 Dec 94

[FBIS Transcribed Text] The first batch of six Royal Malaysian Air Force, RMAF, pilots will leave next month for Russia where they will be trained to handle MiG-29 fighter planes. Deputy Air Force Commander Major General Datuk Ahmad Marican said the pilots will be trained at the MiG aircraft manufacturing plant in Moscow for three months. He also said 72 RMAF technical personnel were undergoing a six-month training from September this year in India in the area of MiG maintenance. Malaysia signed an agreement with Russia in June this year to purchase 18 MiG-29 jet fighters at a cost of 1.4 billion ringgit.

Cambodia

Ranariddh Comments on Foreign Investment

BK1612072094 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 16 Dec 94

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia, said that from now to the end of the year, investment in the Kingdom of Cambodia will not be less than $1,500 million, and that this is the best ever result achieved by our nation.

The prince first prime minister said this at the ceremony to officially sign an agreement on the project to build the (Raffles-Grand) Hotel on the morning of 14 December at the Cambodiana Hotel. The agreement was signed by His Excellency Veng Sereivut, tourism minister; and (Richard Eiffel), representative of the Raffles company; the office chief of the Raffles international company; and head of the (UBS) company.

The prince krompreah said that the signing of this agreement is evidence to local and foreign observers that the main goal of the Royal Government is to develop the nation, rehabilitate the nation and the people's lives, and make efforts to seek new income from developing the tourism sector—income that does not come from taxes—and also the industrial sector. This is a high priority.

The prince krompreah further said that he very much regretted the fact that the Royal Government could not sign an agreement on time at the end of December; otherwise, investment in Cambodia would have increased to $3,000 million. The prince krompreah also stressed that the development in Siem Reap Province [words indistinct] for various companies. However, this is neceesary; the traditional environment of Siem Reap Province has to be absolutely observed.

Hun Sen Tours Areas Affected by Drought

BK1612061494 Phnom Penh AKP in French 0407 GMT 16 Dec 94

[FBIS Translated Text] Phnom Penh, 16 Dec (AKP)—Samdech Hun Sen, second prime minister of the Royal Government, recently toured those localities in the country most affected by drought.

Traveling by helicopter and accompanied by Defense Minister Tie Banh, Hun Sen went to Bati and Prey Kabbas Districts (Takeo Province); Preah Sdach, Sithor Kandal, and Peam Ro (Prey Veng Province); and Kompong Tram District (Kompong Speu Province).

During meetings with farmers in Kandoeng commune, Bati District, Takeo Province, the second prime minister called on the population to develop animal husbandry and grow subsidiary crops and dry season rice. He pledged to help farmers in these activities, particularly in irrigation during the coming dry season.

Ieng Muli Comments on Draft Press Law

BK1512133594 Phnom Penh PHNOM PENH POST in English 2-15 Dec 94 pp 4,9

[Interview with Cambodian Information Minister Ieng Muli by Editor in Chief Michael Hayes; place and date not specified]

[FBIS Transcribed Text] Phnom Penh Post: I've seen the draft of the new press law and the penalties are larger and jail sentences are longer than the previous SOC [State of Cambodia] law. Why has the government decided to make the penalties more severe? What is the thinking behind this?

Muli: First I would say this law is to respond to the reality of Cambodia, reality based on the fact that first we are rehabilitating the country based on the fact that we continue to need well-trained journalists ... local journalists to build up a society which is based on the rule of law, on democracy, on the pluralistic system. During this phase of rehabilitation we have to adopt a set of laws which will provide the framework for the people of Cambodia to exercise their freedom, as well as to fulfill their duties as citizens. So I talk about the reality that we are working out different forms, a different way, a different kind of law. That means a variety of laws. And the most important one will be the penal code which will include any sanctions, any rules to govern the acts of the citizens today. The second reality is working out different reforms in the judiciary, in civil administration and also in the army. All this work will constitute the institutions that will support the democratic process in Cambodia. So when we establish a draft law, in the beginning—you may remember the first draft that we have submitted to the National Assembly—at that time we thought that the law would be new, complete for the press and we didn't need to refer to other laws. So, we put in just penalties. And we were criticised by the U.N. Human Rights Center, the local press association and the international press. So the government took the initiative to withdraw the draft and work out another. Then the situation of Cambodia became very dangerous for the journalists. You know about it. I recall the accident that happened to Thou Chhom Mongkol, the Antarakum editor and the killing of the editor of Samleng Yuvachun Khmer, Nuon Chan. So, we think that it's better to have a civil law that can avoid these things again, because the law will not apply to good journalists, the journalists who are responsible, the journalists who know the ethics of the profession. The law will deal with the bad people, the people who choose very bad language to create disorder in society. This is the main reason why we have to change a little bit and put a more severe law in the final draft.

But finally, there is also discussion among the government that if we pass a new law with civil provisions for journalists we may again be criticised. So we referred to the UNTAC penal code. That is still in effect so even if we have a liberal law on the press, the UNTAC penal code continues while we are waiting for a new penal code to be adopted by the National Assembly.

An example—criminal defamation. It is in the UNTAC law, not in the press law. But we want to avoid any confusion for the judges when they have to pronounce on a case about whether the journalist can be (tried) under the penal code or not. So that's why we say in the press there are also a defamation act. [sentence as published] To avoid any confusion we just took the defamation included in UNTAC's penal code to be part of the press law.

Because in this country the people believe that you cannot put the journalists in jail. This is the thinking of our journalists. The problem is that the journalists are also citizens and the citizens are also under the law of the country. So, we cannot put journalists in jail because of writing because of the freedom of expression, but we put any citizen, including journalists, in jail if they steal things from anyone, if they blackmail. So this applies for everyone, not only just journalists. And we want our own journalists to understand this. They can write, they can criticise the government but they can not insult people. They cannot blackmail people. So, this is the reason why we just include—we don't invent the civil sanctions against to be part of the press law. [sentence as published] We just incorporate one part of the UNTAC penal code in the press law.

But this only a draft law. So, a draft law can be what? A draft law can be discussed, can be debated, can be amended or can be kept in its actual form. I believe that we start to have an open discussion on every subject in Cambodia, including the subject of the press law. And we start to notice that there are many reactions from this quarter. I believe also that the government members as well as National Assembly members are the representatives of the people. I understand that they will take into consideration all that they accept. So this is the reason why the actual form of the draft law looks more severe than the last one.

Post: There have been recent cases of papers insulting public officials. I believe Hun Sen was referred to as a rat and the PM Ranariddh was told to stop barking like a dog. Are there some other examples?

Muli: You know, when you use the genitals, if you write a word to represent a genital. This is very insulting, and this is very alien to Cambodian culture. Because we are quite different from you in western countries. Our society has been classified in a different category because our heritage comes from an ancient civilization from India. And you know that India still has castes, but we don't have castes but there is still a hierarchy in the society. But when you use a genital to summarize one person—genital for men—it is very insulting.

Post: Have newspapers used that?

Muli: Used that!

Post: Often?

Muli: Not often, but it happened that they used that. And they compared, for instance, that one Minister was less than human excrement. And how do you respect the dignity of a government position if it was less than human excrement.

Post: Which paper was this?

Muli: I don't want to mention the name but it exists, and I hope that they understand that they have to correct themselves. For the sake of the freedom of press in

Cambodia. Because after one year of experience in this country what I regret is that there are not so many friends of a liberal law. So this is what I am afraid of. And because of what? Not because of the politicians, but because of the press members, the local press members. So this is what is very regretful for me and for Cambodia.

But we need to build up our society. We need to put in place the elements of our society. We have inherited a situation that has been 23 years in war and destruction. And sometimes morals are very bad. So we have to promote our values. We have to promote the values of the society of the Cambodian national culture, that we accept the Constitutional Monarchy, we accept to reinstill Buddhism, etc. Because what? Because we want to build up Cambodia in a Cambodian way. We cannot immediately imitate the West, because in the U.S., France, Australia you have at least 100 years of experience of democracy. You have very qualified people, you have knowledge. But we have just emerged from destruction. We need to put everything in place in the social hierarchy.

Post: One of the articles said that it would be against the law to humiliate a national organ. What does 'humiliate' mean? Would that be up to the courts to determine?

Muli: It depends first on the interested institution. It depends on the public prosecutor and it depends as well on—sometimes in this country it depends also on the information minister if he considers that its humiliating a public institution. In that case he can refer to the public prosecutor who charges the editor; or the interested institution can become a civil party and complain to the court. The example of the public or government institution is for example: you say that "the Royal Army is corrupt." Possible. You can be charged. But if you say some unit or some element of the Royal Armed Forces are corrupt, so you are not humiliating the army because the army is to defend the people, it is to protect the people. So the army is not corrupt but the people who are inside the army can be corrupt.

So, like if you said for example the government is a traitor from the people but you can say some individuals in the government are like that. [sentence as published] So, this is the meaning of the article.

Post: Justice Kirby is here now. He said he had sent a letter expressing his concerns. He said Article 14 might contradict Article 41 of the Constitution and some international human rights covenants. Is this something that will be debated during the National Assembly meeting. Is this the place where the debate will take place?

Muli: I think this could be the place where it can be debated, discussed, amended but I believe that in the context the national institutions must be respected like I said to you, it is quite different from the fact that you can blame the responsible (party) of the institution but you cannot humiliate the institution because the institution is intent to provide (for) the well-being of the people, to defend the interests of the nation. That is why we have to respect the institutions. So, but it can be discussed also.

Post: I've seen copies of letters from a number of various organizations around the world. Article 19, the Khmer Journalists Association has submitted a letter. Is this causing some debate internally among the various ministers over the draft law?

Muli: We are taking into consideration any reaction but we believe that Cambodia is a sovereign country. We know how to protect the interests of our people and we know also how to promote a democratic process in Cambodia (more) than other people. So it will be up to the people in the National Assembly to discuss the matter sovereignly but as well we will cover the situation but the work is ordinarily for a country, for a government who is supposed to be in charge of the state affairs.

Post: What is the timetable for the process to debate the law.

Muli: Well, normally after the meeting of the Council of Ministers, we have to correct the draft, voting etc. and send it to the bureau of the National Assembly. Normally the National Assembly, the press and information committee has to debate, then afterwards it will go to the Standing Committee of the Assembly and after the discussion the draft will be sent to the full session of the National Assembly. I have no idea because there are so many draft laws which are waiting now for discussion but the draft press law will be one of the priorities that we have to discuss. So, maybe in December, late December or early next year we will know. That is my personal view. Maybe they can accelerate (it) sooner.

Post: In the past year with all these instances of people being insulted, why weren't law suits initiated?

Muli: First, its a matter of culture. The people of Cambodia including the officials or civil servants, they aren't used to write, they don't like to write so there are very few people who chose to write a letter. So for the newspaperman, for the journalist of course, their job is to write so they can write everything but for the people who are the victims of the articles, to write is very hard for them. So they say because the journalist start the story so they have to go through the court because I'm not guilty, for example. So this is a matter of culture. [paragraph as published]

In the West if the journalist writes something wrong the first thing to do is to write to the newspaper, but not in Cambodia. So that is why sometimes they use guns. This is really dangerous and we want to avoid that. We want to avoid the killing of the journalists.

First of all, recently one article was written about Samdech Krom Preah, the first Prime Minister as Samdech Krom Preay for example.

Post: What does that mean?

Muli: The ghost who commits crimes and then goes to hell. But for Cambodia it is very insulting also. So if someone killed the editor (who wrote that), automatically public opinion will say that Samdech Krom Preah killed him. You can say that because he wrote an article about him. But he may write an article against other people also and those people might kill the editor also. So its better to have, from my view, a strong law to avoid that—for a while.

From my view we need this until we have a complete set of penal codes as I said at the beginning. In that case we may see clearly what is the penalty for the newsman, the penalty for other people. But once again our local journalists must know that, being journalists, if they steal something, or they kill someone they can be in jail also.

Post: Was there unanimous support for a strong law during the Council of Ministers' debate?

Muli: As I said that what is regrettable from the point of view of journalists is that after one year there are not so many supporters of a liberal law. So I will see in the National Assembly how many people who want to make amendments of the draft law. The government now is open to any discussion but we know how to defend the interests of Cambodia and the government wants in the future a free but responsible press. That is why we are in association with UNESCO. We have set up the Institute of Communication for Cambodia to open in February. Denmark contributed and we wish other Western countries and the international press organizations to help promote, help to educate our journalists to understand the ethics of the profession. Not only just to blame and defame some time which is incomprehensible for us. [sentence as published]

So, what have we done during the last year? We have organized more than 40 seminars for 543 participants, but it is not enough because to build up a new qualified press body you need experience, you need training, you need skills. So, I think we have done what we feel is our responsibility.

Sometimes I invited the local press to talk to me. Not to give them orders but to give them some instructions that you can criticize the government but avoid bad language. If you accuse someone of corruption don't forget to go to interview the interested party. If they refuse to talk OK, you write "they refused to talk." But you just heard that this guy is corrupt and he still is and it should be followed up—the story is not finished. And we know that after the article those reporters or journalists go to the interested party and ask for money and sometimes we don't see the follow-up. And finished, that's it. Because they got money.

So, in that case who is corrupt?

Council of Ministers Discusses ASEAN Membership

BK1612061694 Phnom Penh AKP in French 0400 GMT 16 Dec 94

[FBIS Translated Text] Phnom Penh, 16 Dec (AKP)—The Council of Ministers met on Wednesday [14 December] in the presence of Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, the first and second prime ministers of the Royal Government.

The financial law for 1995; the privatization policy; and contribution required to become a member of the Association of Southeast Asian Nations (ASEAN), as proposed by the Ministry of Foreign Affairs and International Cooperation, were the focus of the meeting.

It was recalled that ASEAN Secretary General Datuk Ajit Singh visited Cambodia last week to study the situation in the country and the statute that Cambodia must endorse to become an ASEAN observer. Cambodia is ready to sign the Treaty of Amity and Cooperation next year in Bali, another condition for (?admitting) Cambodia as a member of the association, Singh stressed during his meeting with Samdech Hun Sen.

"The next ASEAN meeting will be held in Brunei in July 1995. Cambodia will attend the meeting as an observer."

Government 'Scheme' To Outlaw DK Discussed

BK1612054794 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 15 Dec 94

[Unattributed commentary: "What Are the Aims of the Scheme by Communist Vietnam, the Alliance, and the Two-Headed Government To Outlaw Democratic Kampuchea?"]

[FBIS Translated Text] In July 1994, the two-headed government, at the order of communist Vietnam and the villainous Western alliance, declared its decision to outlaw Democratic Kampuchea [DK]. Its propaganda machine is now renewing this approach. What are the objectives of its scheme?

One objective is to attack DK—although this aim is by no means easy for it to accomplish. Just take a look at the communist Vietnamese, UNTAC [UN Transitional Authority in Cambodia], alliance, and the two-headed elements in their attacks on Cambodia over the past 16 years. What has happened to them? How have they been bogged down? Their main aim is to attack anyone who refuses to serve the communist Vietnamese and the alliance. Their aim is to attack anyone who demands national reconciliation, national reunification, and a genuine national government to oversee the country; and anyone who opposes corruption, the continuation of the war, and the presence of the 4 million ethnic Vietnamese in Cambodia.

Therefore, its issuance of the law to outlaw DK is to oppose not just DK but also the Cambodian nation and people, who want an independent, sovereign, and unified Cambodia and a genuine national government. Just ask about the situation since the beginning of July 1994 [year as heard] when the two-headed government was just born—what adverse results have the communist Vietnamese, the alliance, and the two-headed government obtained? Here are the results:

1. The nation has been ruined.

2. The war has continued on the orders of the two-headed government's Vietnamese boss and the alliance.

3. Communist Vietnam has kept sending more Vietnamese nationals to plunder everything and ruin Cambodian society with AIDS and venereal diseases, which they themselves have brought along.

4. As of now the people are suffering and dying from famine.

5. The two-headed elements and their boss are suffering from an acute agony in all aspects.

This is the real situation arising from the policy of the communist Vietnamese, the alliance, and two-headed elements of exterminating the Cambodian race, and from their criminal acts.

If they continue to do this, their doomsday will come and they will be burying themselves. The people will definitely not allow the two-headed elements to exist any longer.

KR Debunks Government Claim of 'Defections'

BK1612052094 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 15 Dec 94

[Unattributed commentary: "Expose the Scheme of the Communist Vietnamese, Alliance, and Two-Headed Government on the So-Called Defections"]

[FBIS Translated Text] Of late the communist Vietnamese, alliance and the two-headed government have ordered their propaganda machines to disseminate one report after another about so-called defectors joining them.

This is actually psychological propaganda, a deception, and a lie. They have kept lying, but no one believes them. They have lied in order to ask for more foreign aid to carry on the war.

These so-called defectors are actually the militiamen, soldiers, and low-ranking administrative personnel who were forcibly recruited to serve their war of aggression. During the fighting, these individuals turned themselves in to the National Army of Democratic Kampuchea [NADK]. During military operations, the two-headed elements burned down their houses and rice crops, plundered their cattle, and forced these people to go with them. Those who refused were shot dead. Those who followed them were robbed of everything; their daughters were raped; and they were armed and forced to join the operations of the two-headed elements and lead the way.

Therefore, these so-called defectors are not NADK soldiers. They are just ordinary people who fled from the war to seek help from Democratic Kampuchea [DK]. DK has given them all kinds of assistance. However, during successive operations, the two-headed elements again forced these people to go with them. This fascist action was taken by the two-headed elements to forcibly recruit the people to fight and die in their place.

KR: Tuol Sleng Bones Belong to Vietnamese

BK1512150494 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 15 Dec 94

[Unattributed "clarification;" place and date of issue not given]

[FBIS Translated Text] It was reported that the two-headed elements had reconsidered the issue of the Tuol Sleng skeletons in an attempt to divert public attention from the situation between communist Vietnam, the alliance, and the two-headed government and to make the public forget about the famine that is threatening the lives of millions of people.

Concerning these skeletons at Tuol Sleng, they are purely and simply part of the psychological war waged by Vietnam in its aggression against Cambodia. The communist Vietnamese collected skulls and bones from graveyards all over north and south Vietnam, brought them by trucks to Cambodia, and displayed them in an exhibition at Tuol Sleng as part of a psychological propaganda campaign to legalize their aggression against and occupation of Cambodia.

What is the truth? Bone experts from Western Europe have visited Tuol Sleng several times and closely examined the skeletons with their scientific instruments since 1980. They have written reports saying that they were not skeletons of those who had died two or three years earlier. The age of these skeletons was at least 10 years and more. Therefore, they were not skeletons dating from the time during which Democratic Kampuchea was ruling the country, which lasted only three years. This means that these skeletons were at least 10 years old and predated the rule of Democratic Kampuchea.

The bone experts from Western Europe said that the skeletons at Tuol Sleng were the remains of those killed in the Vietnam War between 1960 and 1970 when the fighting in Vietnam was very intense with the use of infantry forces, tanks, artillery pieces, and all types of aircraft. It was the skeletons from this war that the Vietnamese had shipped from Vietnam to be exhibited at Tuol Sleng.

Besides, the experts from Western Europe said that the size of these skeletons was smaller than that of Cambodian skeletons. They were Vietnamese skeletons.

Therefore, no one, either at home or abroad, believes such a farce. However, a handful of aggressors and a couple of their sycophants have striven to use this issue in their psychological warfare. The truth remains unchanged: Those who have been committing genocide against the Cambodian nation and race for the past 16 years are the communist Vietnamese, who, as ringleaders, have connived with their puppets, UNTAC [UN Transitional Authority in Cambodia], the alliance, and the two-headed government. The all-around abominable situation in Cambodia at present is the appalling consequence of the aggressive and genocidal war of all these extremely uncivilized barbarians.

Indonesia

Minister Comments on Competing Trade Interests

BK1512131994 Jakarta SUARA KARYA in Indonesian 13 Dec 94 p 1

[FBIS Translated Text] Jakarta, SUARA KARYA—Indonesian Minister of Trade S.B. Yudono stressed that Indonesia's interests in the ASEAN Free Trade Area (AFTA), Asia-Pacific Economic Cooperation (APEC), and the General Agreement on Tariffs and Trade (GATT), will not clash with one another. Apart from this, Indonesia's decision to participate in these trade blocs does not indicate that it was fearful in making a decision regarding its international trade.

Speaking at the Dialogue Forum of the Department of Intellectuals, Science and Technology and Golkar [Functional Group] Central Board of Foreign Relations at the Golkar Central Hall at Slipi, West Jakarta, on Monday [12 December], Minister Yudono said: "In GATT, for example, every country, including Indonesia, is free to conduct a continuous practice of trade protection. Nevertheless, we are confident that we will be able to face any competition. However, we have decided that excessive protectionism is unnecessary."

Speaking at the dialogue on "The Implication of the GATT Agreement of the Uruguay Round on Indonesia's Economy," Yudono said Indonesia will not fully take advantage of all the protection afforded by the GATT. Indonesia can in fact impose a 40-percent import tariff on certain commodities.

Yudono said: "In the meantime, regarding international free trade—with the ASEAN member countries or AFTA—Indonesia is willing to reduce its import tariffs on a much higher scale than afforded by the GATT, which is between 0-5 percent. Currently, we are adequately proficient to compete with our neighboring countries in ASEAN. As such, we are now prepared to enter the free trade era within the ASEAN region."

Touching on the issue of APEC, Yudono said the consensus reached at the APEC Bogor Declaration was more progressive compared with that of the GATT accord. Indonesia stands to reap more benefits through its participation in APEC.

According to Yudono, the GATT acknowledges the regionalization of trade groups such as the European Union, the North American Free Trade Agreement (NAFTA), and AFTA, because its main objective is to further accelerate a country's progress and prosperity.

Indonesia has undertaken concerted efforts toward acquiring special "recognition" as a developing nation. It is not committed to the 1988 Montreal Agreement, which requires member countries to reduce tariffs up to 33 percent and to continuously maintain it at such a level.

Indonesia's commitment is based on the 1991 GATT guidelines, which state that developing countries are considered to be complying with the Montreal Agreement only when they reduce their tariffs below 40 percent. The country should then cease its import trade practices, which are not in accordance with the GATT. Indonesia is committed to only making reductions on import tariffs at an approved level on 8.877 tariffs or an equivalent of 94.6 percent of its total tariffs.

Based on this commitment, the 8,877 tariffs cover a total of 7,536 industrial products while import tariffs not exceeding 40 percent can be imposed on 1,341 agricultural products.

According to Yudono, Indonesia is fully aware of the need to abolish protectionism, which includes import taxes. Unquestionably, all nations need to eliminate protectionist measures to enable a healthier competition during the upcoming free trade era.

Among the speakers who spoke at the Golkar Central Board's forum were Timothy Condon, a World Bank official based in Indonesia; R.P. Napitupulu, a deputy to the minister of national planning/chairman of the coordinating board for investments; and Bambang Kesowo, the deputy to the minister/state secretary.

* APEC Leaders Meet With Suharto 14 Nov

95SE0037A Jakarta SUARA KARYA in Indonesian 15 Nov 94 pp 1, 8

[FBIS Translated Text] Jakarta (SUARA KARYA)—Nine APEC [Asia-Pacific Economic Cooperation] leaders agree that APEC is not an economic bloc. APEC is not merely for its 18 member countries and their economic spheres, but it is hoped that APEC will be useful to the world's economy and will contribute to its improvement.

Such agreement could be deduced from things said Monday [14 November] during the courtesy call of nine APEC economic leaders on President Suharto at Freedom Palace. The nine leaders were Papua New

Guinea Prime Minister Julius Chan, Thai Prime Minister Chuan Likphai, Canadian Prime Minister Jean Chertian, Hong Kong Minister of Finance Hamish Macleod, Chilean President Eduardo Frei, Malaysian Prime Minister Mahathir Mohamad, Philippine President Fidel Ramos, Mexican President Carlos Salinas de Gortari, and Australian Prime Minister Paul Keating.

Beginning just after 0900 and lasting until 1500, the president had successive talks with his colleagues on two groups of subjects. The first related to the APEC Economic Leaders Meeting (AELM), to take place at Bogor today. The second pertained to bilateral issues. The Canadian prime minister was the only one who raised other issues with the president, namely the incidents in Dili on Saturday and Sunday and the demonstration that began at the U.S. Embassy on Saturday, 12 November.

The president, as quoted by Minister of State and State Secretary Murdiono, reemphasized his views about what the leaders' joint decision should be at Bogor today. The president again reminded the leaders of their common basis, which is the recognition that APEC members come from very different economic spheres. Therefore, the president said, an attitude of partnership and mutual respect is very important. With such partnership and mutual respect, mutually beneficial cooperation can be developed.

Because of the very different economic levels, logic requires those with strong economies to be willing to help those whose economies are still weak. On the other hand, those whose economies are still weak should not always depend on those with strong economies but should improve their own capabilities.

If these principles are followed, the next question is, What guidance can be used jointly? The answer is, agreements within the sphere of GATT, or, more precisely, the ratification of the World Trade Organization (WTO).

Indonesia itself ratified the agreement on the creation of the WTO last month. Under Indonesia's system of government, such ratification is in the form of legislation, which means the agreement of the DPR [Parliament].

The next thing the president presented was the matter of implementation stages for agreements reached at Bogor. Such implementation is deemed very important, because countries within the APEC sphere are at very different economic levels.

For that reason, the Bogor meeting will set a specific year. By that year, it should be visible that the industrialized countries have opened themselves more than the developing countries.

The leaders generally agree that APEC is not an economic bloc. APEC is not merely for its 18 member countries and their economic spheres. In fact, it is hoped that APEC will be useful to the world's economy and will contribute to its improvement.

"When asked how we look on the Bogor meeting, I cite the views of several leaders: The fact that the 18 leaders who have come to Jakarta will meet at Bogor is itself evidence of success. The leaders are busy these days exchanging views with each other because this meeting is important," Murdiono said.

If this meeting were only rhetoric, they would not be as busy as we see them these days. Because they feel that their decisions are historic, Murdiono said, they are intensively exchanging views with each other. In fact, one leader said that what they decide at Bogor will greatly affect the history of society.

The president drew the conclusion that all the leaders were called to make the Bogor meeting a success. It is fitting that the leaders agree on principal matters and on what they should do together in the long term. Ministers are expected to handle subjects that are more detailed than those agreed to by the leaders.

As for bilateral relations, the Papua New Guinea prime minister expressed special appreciation that the draft declaration drawn up by the president gave attention to small countries. He said this probably occurred because Indonesia is the host of the meeting. Indonesia is chairman of the Nonaligned Movement and a Third World country. From another aspect, a leader of an industrialized country said that Indonesia has true courage in offering open trade.

The president always emphasized to his colleagues that what they were doing was bringing together the viewpoints of the leaders, which represented the results of gathering materials and communicating them among the special representatives.

According to the Papua New Guinea prime minister, the decisions to be made will be very important, because they will reach far into future "history." The Canadian prime minister stressed that the meeting of leaders will be very important, because President Suharto views the Asia Pacific area as truly the most dynamic region.

In the bilateral sector, the Canadian prime minister said that he wanted to increase trade between the two countries and that he offered the economic capabilities of Canada. The president of Chile also said that he wanted to increase trade between the two countries and that he had presented this to the president.

When asked about Prime Minister Mahathir's position, Murdiono said that he could give only an unspecific view, because in general all leaders accept the principles and main thoughts incorporated in the draft declaration.

"I wish to repeat that this declaration has been put together by the president as host on the basis of views and thoughts presented by the leaders through their special representatives," he said.

When Mahathir was asked about a timetable for implementing free trade and investment, Mahathir said he had not discussed it with the president and that his country had not made a decision on the matter. When asked whether, at the least, Malaysia had a view different from that of other countries, Mahathir said no. "We have a view that is the same as that of other countries. When we took part in talks with other ministers, there were no differences," he asserted.

According to Prime Minister Keating, his talk with President Suharto was related to the declaration. It was a very important matter and needed to be discussed more thoroughly with Pak Harto [President Suharto] as chairman of the meeting.

Navy, Australia in Joint Patrol of Timor Gap

BK1412152394 Jakarta ANTARA in Indonesian 1315 GMT 14 Dec 94

[FBIS Translated Excerpt] Surabaya, 14 Dec (ANTARA)—Rear Admiral Gofar Suwarno, commander of the Indonesian Navy Eastern Fleet, said in Suarabaya Wednesday that the Indonesian Navy's surveillance aircraft and warships and Australian Navy warships are continuously maintaining security and order in the Timor Gap.

He told journalists that the objective is to protect installations for oil drilling projects, which are scheduled to begin soon.

"Two Indonesian warships plus two Nomad type of surveillance aircraft, and two Australian Navy's warships are involved in the security patrol operations in the waters along the Timor Gap," he said.

Based on the agreement achieved on the division of duties in carrying out security maintenance in the Timor Gap area, considered to be rich in oil resources, Indonesia is in charge of looking after lane C, and lane A is under the responsibility of the Australian Navy. Indonesia and Australia are to take turns in looking after the security of lane B. [passage omitted]

Admiral Tanto Kuswanto, Indonesian Navy Chief of Staff, said that 75 percent of the problems found at sea concern fish theft by foreign fishermen.

Areas in the seas that are considered to have problems are, among others, the Natuna Islands, the Makasar Straits, North Maluku, and Irian Jaya. [passage omitted]

UN Report Rules on 1991 Dili Cemetery Incident

LD1512200794 Lisbon Radio Renascenca in Portuguese to Europe 1700 GMT 15 Dec 94

[FBIS Translated Excerpt] The Santa Cruz massacre was carefully planned; the Indonesian troops did not shoot in self-defense against a crowd of unarmed civilians at the Dili cemetery: This is the conclusion of the UN report on the incident which took place on 12 November 1991. It denies in black and white the Indonesian Government's version. More details from Marina Pimentel:

[Begin Pimentel recording] The main conclusion in the UN report is that Indonesia planned the Santa Cruz massacre so as to crush public opinion's political opposition and thus violated international human rights law. The report states that the Jakarta authorities knew in advance that a demonstration would be taking place on 12 November 1991 and that they could have prepared an adequate control operation, and therefore could have avoided the massacre.

That was not the Indonesian attitude. The military charged the demonstrators, and it is a lie that they may have done so in self-defense. The UN report has no doubts that the East Timorese were defenseless. The report also recalls the disparity in reports about the number of casualties and states that until now the Indonesian authorities have never made any serious effort to find the many people they reported as missing. In the face of these facts, the report recommends another enquiry. The report also states that the Santa Cruz massacre was not an isolated incident and refers to the systematic adoption of violence against political opposition and the punitive methods adopted by the Indonesian military. The report will be discussed in February at the Human Rights Committee meeting to take place in Geneva, and the United Nations is attributing the greatest importance to it. [passage omitted] [end recording]

Students Jailed for Defaming Suharto Released

BK1512151094 Jakarta ANTARA in Indonesian 1257 GMT 15 Dec 94

[FBIS Translated Excerpt] Jakarta, 15 Dec (ANTARA]—Four university students imprisoned for defaming President Suharto were released this morning after serving their 12-month sentence at the Salemba Detention Center and Pondok Bambu Prison in Jakarta. The four are Yeni Rosa Damayanti from the group of four, Teddy Wibisono from the group of eleven, and Gunardi Aswantoro and Wandy Nicodemus Tuturoong from the group of six.

"After spending one year in prison, I feel happy at being freed now," Teddy said.

The Jakarta High Court had sentenced the four students to 12 months imprisonment, and only one student, Adi Kurniawan from the group of six, still remains at the Salemba Detention Center and is scheduled to be released at the latest by February 1995.

Apart from the four released today, the West Jakarta District Court also had convicted another 17 other students for defaming the head of state. They were given six months imprisonment.

After the sentence was handed down on them, the 21 students appealed to the High Court. However, the High

Court added several more months imprisonment for some of them. [passage omitted]

There was no special ceremony to welcome the release of the four students. Only dozens of students who called themselves members of the Indonesian Students Action Front and the Jakarta Students Democratic Front were seen waiting outside the prison since early morning. [passage omitted]

Muslim Groups Warned Against Political Interests

BK1612130694 Jakarta REPUBLIKA in Indonesian 16 Dec 94 p 11

[FBIS Translated Text] Yogyakarta—General Feisal Tanjung, commander of the Armed Forces of the Republic of Indonesia [ABRI], has reminded leaders of Islamic organizations not to be trapped in short-term political interests. Thus, the armed forces commander called on the Islamic leaders to concentrate on activities beneficial to the Muslims.

The armed forces commander said this when he received six leaders of the Muhammadiyah Central Executive Board in Jakarta on Thursday. They are Dr. Amien Rais, chairman of the Muhammadiyah Central Executive Board; Dr. Yahya Muhaimin, chairman of the Higher Education Section of the Muhammadiyah Central Executive Board; Rusdi Hamka; Ramli Thoha; Drs. [academic title] Sutrisno Muhdan; and Dr. Watik Pratiknya.

According to Amien Rais, the Muhammadiyah Central Executive Board asked the vice president about developments in the country. The armed forces commander said openness will lead to progress as long as all mass and political organizations abide by the constitution and laws we have agreed upon.

According to Amien Rais, the meeting touched on the latest national developments. "Among those discussed was the tendency among some private college students to air their dissatisfaction through destructive acts," Amien said in Yogyakarta.

Amien Rais said they asked the armed forces commander to deliver a lecture at a Muhammadiyah meeting due to begin in Surakarta on 31 December 1994.

* Suharto Observes Roll-Out of New Plane

95SE0038A Jakarta SUARA KARYA in Indonesian 11 Nov 94 pp 1, 11

[FBIS Translated Text] Bandung (SUARA KARYA)—President Suharto asked all echelons of the Nusantara Aircraft Industry (IPTN) to sharpen the priorities of their operations, while unceasingly improving efficiency and productivity.

"In this way and in the rhythm of national development, we can protect the first steps we have pioneered through very great investments in the development of an aircraft industry," the chief of state said Thursday [10 November] at a roll-out ceremony for the N-250 Gatotkoco aircraft, a product of IPTN.

At precisely 1100 hours, the first N-250 prototype was rolled out of the hangar, pulled by 50 IPTN employees. They slowly pulled the Gatotkoco until it passed the platform of honor, on which were seated President Suharto and Mrs. Tien Suharto, Vice President Sutrisno and Mrs. Tuti Try Sutrisno, and former Vice President Sudharmono, S.H. [Master of Laws].

The chief of state, accompanied by the vice president and by IPTN Principal Director B.J. Habibie, then poured rose water on the front of the plane's cockpit and entered the aircraft. The president waved and gave a thumbs up as a sign of praise to IPTN personnel.

The president said to about 2,000 guests that Indonesia's geographic situation, marked by thousands of islands divided by straits and seas, makes it necessary for Indonesia to have its own aircraft industry. The same is true of the shipbuilding industry, for both are needed to expedite air and sea traffic in conducting national development.

"Thus, our aircraft industry, besides having strategic meaning, will also prevent crises in the long term," the chief of state said.

In another part of his speech, President Suharto also said that development of the Indonesian aerospace industry is an effort toward bringing the Indonesian people to a higher standard of life and prosperity. Without mastery of science and high technology, the possession of abundant natural resources alone is not enough for achievement of progress and prosperity.

This mastery of high technology has been achieved by the men and women of IPTN, who have been successful in designing aircraft themselves. The chief of state said that this roll-out coincides with the takeoff era and thus by itself represents a historic event for the Indonesian people.

The roll-out of the N-250 Gatotkoco prototype yesterday coincided with Heroes Day. The N-250 is the first subsonic commuter plane in the world to use a "fly-by-wire" control system and was designed by Indonesian men and women. It has a capacity of 64 to 70 passengers, a maximum speed of 612 kilometers per hour, and a range of 1,482 kilometers.

According to Minister of Research and Technology Habibie, who is also principal director of IPTN, the N-250 Gatotkoco is scheduled for its first flight in 1995 on the 50th anniversary of Indonesian independence. "God willing, its first flight will at the same time represent an anniversary gift to the Indonesian people from the second generation," Habibie said.

He explained that this first N-250 prototype is a product that has been in preparation since 1984, when the

Tetuko began flying. IPTN is now planning the second prototype, named Koco Negoro, which is scheduled for roll-out on 15 February 1996. The third prototype, Krincing Wesi, will be rolled out on 20 June 1996; and the fourth prototype, Putut Guritno, is scheduled for roll-out on 15 August 1996.

All these prototype aircraft, with capacities of 64-70 passengers, will receive airworthiness certificates at the same time from the Department of Communications in July 1997. It is hoped that air certification from the Federal Aviation Administration of the United States can be obtained by the end of December 1997.

Editorial Opposes Protectionism, Import Tariffs

BK1512131394 Jakarta KOMPAS in Indonesian 14 Dec 94 p 4

[Editorial: "Indonesia Will Not Seek Refuge Behind High Import Tariffs"—italicized passages published in English]

[FBIS Translated Text] In accordance with the GATT and its deadline, Indonesia, as a developing nation, can still increase import taxes on certain goods to protect its products. On the average, import taxes are around 11 percent, or below the level stipulated for the country (below 40 percent).

Indonesia, however, will not take advantage of such an opportunity and not seek refuge behind the commitment accommodated by GATT. Indonesia will finally and definitely become incapable of competing in the international market if it seeks refuge behind the high import taxes. As a result, Indonesian products will lose their competitiveness in international markets. Such remarks were made previously by President Suharto and Trade Minister Yudono in Jakarta.

As quoted by the trade minister, the statement issued by the head of state was not without reason. Numerous huge industries were established, while business groups had similarly set up many industries throughout the country's 25-year development period. In addition, there are numerous medium-scale industries capable of yielding a large quantity of nonpetroleum products. All this allows the business sector to reap greater benefit from numerous economic activities.

The business sector has contributed to some of the economic success in relatively normal and *fair* market conditions. Apart from this, another reason for the success is the result of this sector's ability to lobby and maintain close relations with those in authority toward acquiring greater access to facilities such as monopoly or protectionism (whether through high import taxes or non- tariff obstacles such as business arrangements) to prevent identical imported goods from gaining access to the country.

The issue of protection and monopoly is nothing new or extraordinary. In fact, the business sector believes that it is primed to compete and will succeed in the competition. Why not? The easy success will come through the government's provision of various such facilities. Seeking protection and monopoly is a method of gaining success, eliminating all existing competition, or blocking any future competition that could possibly appear.

This is not only considered an abnormal or *unfair* practice in an efficient economy, but it will simultaneously create a high-cost economy for Indonesians. Apart from this, such a situation will give rise to the creation of *ersatz* and profiteering business groups unable to face competition. Indonesia does not require such groups or persons, who seek only personal gain, to contribute toward its economic development and well-being.

It is apparent that as an institution, the government is constantly moving to improve the well-being of the people and eliminate such a practice. The government seeks a strong and highly competitive economy that will bring greater prosperity and a more comfortable life for the people.

Seeking such an objective, the government initially announced a deregulation package in 1983 and is continuing the process. It then announced several other deregulation packages for local and foreign business sectors for the sake of Indonesia's economic *survival*. Just for its own sake, Indonesia needs to realign itself with the rest of the world by introducing more deregulation packages.

It is a fact that there are important and interested groups which want to continue upholding their *status quo* because of the prevailing strong and beneficial situation. The strength of the *ersatz* and profiteering entrepreneurs is so strong that deregulation, which is considered "solid" and implemented on behalf of the public interest, has currently become "cool".

This is also considered normal because there are struggles worldwide between minority interest groups and groups which stress the priority of the public interest.

An opportunity emerges. Agreement was reached on the GATT last year and Indonesia signed it in Morocco early this year, officially binding itself to the GATT regulations. As a host for the APEC summit in Bogor in the middle of November, Indonesia, along with the 17 other member countries, agreed to liberalization of trade and investment.

Therefore, the GATT and APEC [Asia-Pacific Economic Cooperation], besides providing greater opportunities, have also become motivators in prompting Indonesia to quicken its efforts, which will eventually bring greater prosperity to the country.

The two groups will be able to assist the government in eliminating the problems posed by the established sectors which see their interests as being thwarted. Even though we have repeatedly said that there is sufficient time for us to make adjustments and reforms, Indonesia will instead be unable to keep abreast of the GATT obligations and participate in trade liberalization and investment in accordance with its commitments. The two groups, the GATT and the APEC, will become the two motivating forces for the government to wriggle its way out of problems. The business circle has no alternative but to conform.

Therefore, the GATT and the APEC imply Indonesia should not take refuge behind the high import taxes, which, according to Trade Minister Yudono, can assist the government in eliminating problems and reaching its objectives.

Philippines

Romulo, Thai Minister Discuss Economic Ties

BK1512155294 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 15 Dec 94

[FBIS Translated Text] During his one-day visit to the Philippines, Foreign Minister Dr. Thaksin Chinnawat held talks with the Philippines foreign minister over several topics, especially about economic cooperation and international affairs. Dr. Thaksin and Foreign Secretary Roberto Romulo held a joint news conference right after the arrival of Dr. Thaksin at Ninoy Aquino Airport in Manila. They expressed interest in joint investment and the situation in Cambodia. The two also discussed ASEAN affairs and the Asia-Pacific security conference. They agreed that membership should be limited so that member countries could better control the course of their cooperation. The Philippines needs investment by the foreign private sector in the construction of the infrastructure at Subic Bay, which will serve as the venue of the APEC [Asia-Pacific Economic Cooperation] meeting in two years. The foreign minister also called on President Fidel Ramos at Malacanang Presidential Palace. They exchanged views regarding the Philippines' plan to adopt a new tax system and its desire to expand trade with Thailand.

Liberal Party Joins Ruling Party Coalition

BK1612072494 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 16 Dec 94

[FBIS Translated Text] The Liberal Party [LP] has now joined itself completely with the growing coalition of the Lakas [Power] Party. The coalition of the two parties was formally signed yesterday by the representatives of the LP and Lakas-NUCD [National Union of Christian Democrats]. It will be recalled that, not long ago, the Lakas and Laban ng Demokratikong Pilipino [Struggle of Filipino Democrats], or LDP, also formed a coalition; however, the Liberal Party coalition is different from that of the Laban because it does not guarantee what is known as the equity of the incumbent. President Ramos was happy to announce that this event is a major step in the nation's progress.

[Begin recording in English] [Rep. Raul Daza, House speaker pro-tempore; identified by caption] This coalition, Mr. President, is in a sense the culmination of the successful, harmonious, and productive relationship brought about in the House of the Representatives to the rainbow coalition, which was born in July 1992 at the beginning of this Congress.

[House Speaker Jose De Venecia] I would be very honored to present this historic document to you, Mr. President, because it summarizes the intent of both parties to support your legislative agenda in the economic and social program that you yourself, Mr. President, lead, as agreed upon in the historic summit, which was presided by you together with the leadership of the House of the Senate and the people's organizations in this country.

[President Ramos] I am even more confident now than ever before that indeed we can attain our national development goals, which we call Philippines 2000, and to fight for, but not only the economic prosperity of our people, the alleviation of the poverty of the entire nation, but indeed the well being of each individual Filipino, his family, and the Filipino nation as a whole. [sentence as heard] [end recording]

Thailand

Chuan, Surin on Former MP's Extradition to U.S.

BK1512134794 Bangkok Radio Thailand Network in Thai 1200 GMT 15 Dec 94

[FBIS Translated Text] Prime Minister Chuan Likphai spoke to newsmen before attending a meeting of parliament this afternoon and commented on the request to extradite Thanong Siriprichaphong for trial in the United States. Prime Minister Chuan Likphai said he will ask the Foreign Ministry for information about any action taken on this matter.

Meanwhile, Deputy Foreign Minister Surin Phitsuwan said the foreign minister had pointed out earlier that the Thai legal process has to be followed in Thanong's case. Three laws are involved in the treaty on extradition and crime suppression between Thailand and the United States. The Foreign Ministry has considered the matter thoroughly and concluded that eventually the Thai court will have to rule whether a Thai citizen can be tried in a foreign court. The Foreign and Interior Ministries are coordinating on this issue. This coordination is probably in the stage of consultation with the Supreme Attorney General's Office.

Surin said the legal process is being followed in order to avoid undesirable consequences because all sides will have to respect the law. Regarding if the United States cites its relations with Thailand to justify extradition of Thanong, Surin said relations between any two countries are based on the domestic laws of the countries concerned. No country would demand another to do more than what the latter's constitution allows.

On the reported involvement of Chawarat Chanwirakun, deputy finance minister designate from Chat Phatthana Party, in narcotics trafficking and his being on the U.S. visa blacklist, Surin said officials concerned have made checks and confirmed that there was no incriminating information against Chawarat.

MP Meets Chuan on Extradition Plea

BK1612051794 Bangkok THE NATION in English 16 Dec 94 p A1

[FBIS Transcribed Text] Deputy Chat Thai leader Watthana Atsawahem had an unexpected meeting with Prime Minister Chuan Likphai at Government House yesterday evening amid strong rumours that the United States, which suspects him of drug involvement, is requesting his extradition.

Watthana, who has been denied entry to the US this year, left without talking to reporters after the half-hour meeting. No authorities could immediately confirm the rumours. The opposition MP has strongly denied the US allegations.

The US has requested extradition of a former Chat Thai MP, Thanong Siriprichaphong, whom Washington accused of being involved in several major marijuana shipments to the US, said police chief Phot Bunyachinda.

Khanit na Nakhon, the attorney general, said yesterday the police had forwarded the US request for Thanong's extradition to his office and it would then be forwarded to the court.

He said the fact that the government had asked the Office of the Attorney General to handle the request meant the government "agrees in principle" with the extradition.

Chuan said yesterday it was "up to the Thai law" while Deputy Foreign Minister Surin Phitsuwan said it was "up to the Thai court" whether Thanong would be extradited.

Upgrade of 5 Foreign Banks Under GATT Delayed

BK1612054494 Bangkok THE NATION in English 16 Dec 94 p B1

[FBIS Transcribed Text] A plan to upgrade five offshore banks under the Bangkok International Banking Facility [BIBF] into full foreign bank branches by 1995 will be delayed further because the authorities would like to give priority to the local finance companies to acquire the bank licences first, said the Bank of Thailand governor.

But Wichit Suphinit stressed that by 1997 Thailand will definitely give out foreign bank licences to five out of the 20 offshore banks as part of its obligations to financial services liberalization under the General Agreement on Tariffs and Trade.

Wichit indicated that the delay in issuing foreign bank licences stems from the priority given to the local finance companies, five of which will be given the bank licences but none of which are qualified as yet or ready to transform their status.

The banking authorities have designed stringent guidelines for local finance companies to apply for the bank licences and next year none of them are likely to qualify to become banks.

But Wichit said if by 1997 no local finance companies are qualified for the bank licences, the banking authorities will go ahead to give out the foreign bank branch licences to five foreign banks.

The Finance Ministry, the Bank of Thailand and the Securities and Exchange Commission are working out a master plan for the Thai financial system through liberalization. Under which new comers will be added to the financial markets and competition will be the name of the game. [sentence as published]

The 20 new comers, particularly the Japanese financial institutions, in the BIBF scheme have been competing fiercely to lend offshore money in order to impress the banking authorities, who however are not yet satisfied with their performance.

A source in the central bank said most of the offshore lendings are in the form of the "out-in" transactions (foreign money booked in Bangkok for local lending), with very little "out-out" business (foreign money booked in Bangkok for lending to the neighbouring countries).

"This is not in line with our original objective to set up the BIBF scheme to turn Bangkok into a regional financial centre," said the source.

As of October this year, outstanding offshore lending on the part of the 20 new comers reached Bt [baht] 125 billion for the out-in business and only Bt38 billion for the out-out business. The banking officials would like the BIBF banks to boost their out-out lending in order to enhance Thailand's financial activity in the region.

"If they do not perform, they can continue to wait," said the central bank source.

However, the foreign bank branches and BIBF banks have shown their enthusiasm to go to the up-country of Thailand to set up lending offices under the Provincial International Banking Facility [PIBF]. The Bank of Thailand has already approved applications to set up 37 provincial IBF offices as applied by 14 BIBF banks and eight foreign bank branches.

Under the PIBF, each BIBF bank is entitled to open at most two offices in the up-country and each office can lend out not more than Bt1 billion in baht currency outstanding.

The objective is to diversify financial resources to the up-country as part of the government's grand design to distribute wealth to all parts of the country.

Nuclear Research Accord Signed With Japan

BK1612074294 Bangkok Radio Thailand Network in Thai 0530 GMT 16 Dec 94

[FBIS Translated Text] Dr. Pricha Musikhun, deputy minister in the Science, Technology, and Environment Ministry, chaired a signing ceremony this morning for a nuclear research cooperation agreement between the Office of Atomic Energy for Peace [AEP] and a Japanese nuclear energy research institute.

A similar agreement between the AEP and the Japanese institute was signed in Japan in 1990. That agreement involved joint research into the use of radiation to sanitize and recycle waste products. The Japanese institute provided research equipment and exchanged scientists with the AEP. The value of the Japanese assistance was about 25 million baht. The agreement ended this year.

The two sides agreed to extend the accord and add nuclear reactor research activities. The cabinet has already approved the new agreement. In addition to sanitizing waste products and recycling them into animal feed and fertilizer, the new agreement will entail cooperation in nuclear reactor research, which will benefit research into the safety of nuclear reactors. This is an important step in developing personnel to supervise safety in future nuclear power plants.

Vietnam

Hanoi Reports Murkowski Remarks on Relations

BK1612121294 Hanoi Voice of Vietnam in English 1000 GMT 16 Dec 94

[FBIS Transcribed Text] U.S. Senator Murkowski has called for an improvement of diplomatic relations between Vietnam and the United States. During his Vietnam visit, Senator Murkowski expressed his gratitude to Vietnam's cooperation in investigating hundreds of MIA cases during the Vietnam war. He said America will respond positively to Vietnam's goodwill by quickly improving its relations with Vietnam.

Vice Prime Minister Receives ADB Delegation

BK1612144494 Hanoi VNA in English 1427 GMT 16 Dec 94

[FBIS Transcribed Text] Hanoi VNA Dec 16—Vice Prime Minister Phan Van Khai received here today a delegation of Asia Development Bank (ADB) led by Mr Ricardo Tan who is here to discuss with Vietnamese officials the ADB support programme for 1995 and the 1996-1997 period.

Mr Tan expressed ADB's strong support and continuation of assistance to Vietnam in 1995 and later. He said that ADB would continue to grant a loan to Vietnam from USD 1.2 to 1.4 billion and a non-refundable technical aid worth USD 50 million for the 1995-1997 period.

Vice Prime Minister Khai expressed his thanks to the ADB's goodwill demonstrating in its financial support to Vietnam and hoped that ADB would help the country to effectively utilize its financial assistance.

* Official Interviewed on Mideast, Africa Tour

952E0029 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 31 Oct 94 p 2

[Interview with Do Van Tai, deputy chief of the CPV Central Committee International Department, by Tong Hoang; date not given: "Let Us Strengthen the Existing Relations and Broaden New Relations With the Middle East and Africa"]

[Text] *At the end of October, our party's delegation led by Do Van Tai, deputy chief of the International Department of the Communist Party of Vietnam [CPV] Central Committee, returned home after a trip—both private and official—to a number of countries in the Middle East and Africa. SAIGON GIAI PHONG interviewed Do Van Tai in the office of the Central Committee's International Department.*

[Hoang] Can you tell the readers of SAIGON GIAI PHONG what was the purpose of the delegation's trip to the Middle East and Africa?

[Tai] Having received the invitations of the leaders of the Iraqi Arab Ba'th (Renaissance) Party, the Syrian Arab Ba'th Party, and the ruling Egyptian National Democratic Party (NDP), and having had the permission of the Central Committee Secretariat, the International Department sent a delegation to visit and work with the parties that currently rule Iraq, Syria, and Egypt.

As we know, the relations between our party and the two Iraqi and Syrian Ba'th Parties date back to the 1970's. These parties had sent their representatives to our party congresses, like the fourth and fifth congresses. This trip was aimed at consolidating the existing traditional relations, strengthening party relations, helping to further accelerate the relations on the state level, and promoting the friendly cooperation between Vietnam and Iraq and Syria. As to the Egyptian ruling party, this was the important first step and the first time that we established party contacts. During the visit to Egypt of Deputy Prime Minister Nguyen Khanh and Vice Foreign Minister Nguyen Dy Nien, our friends expressed the desire to have contact and relations with our party. That visit created favorable conditions for us to open official relations between the two parties. In addition to the state relations, currently our party advocates turning the party relations into diversified, multilateral, and broadened ones between the CPV and other communist, workers', national, democratic, social democratic, and ruling parties (including those in the developed countries) in the world. We have recently opened relations with the ruling parties in Mexico, Japan, and so on.

This trip was a part of our party's line to broaden our foreign relations and helped to accelerate the cooperative relations with countries in the Middle East and Africa.

[Hoang] Please give us details about your discussions there.

[Tai] We held talks with the foreign affairs departments of the ruling parties in Iraq and Syria and with the leaders of the Egyptian ruling party. In the talks, the two sides informed each other of the situation in their parties and other situations in each country. We informed the friendly parties of the state of our renovation in recent years, our achievements and difficulties, and the task of building and developing our party, particularly the results of our party's recent midterm plenum; the directions set for switching to the new stage of development, namely industrialization and modernization of the country; and the independent, self-ruled, and open line and foreign policy in the changing international situation today. We also informed our friends of our general line on foreign affairs, namely to be a friend of all countries in the world community in peace, independence, and development. The friendly parties also let us know the situation of the national construction and party building in their own country. The two sides also exchanged views and informed each other of the situation in the region of each country.

[Hoang] Can you tell us about the results obtained on the trip?

[Tai] The relations having to do with parties and the people had the good effects of accelerating the relations on the state level. The top leaders of the state and parties of these countries attached great importance to this trip. In Iraq, the vice president, the top leaders of the Iraqi Arab Ba'th Party, the foreign minister, the front chairman, and so on wholeheartedly welcomed us and confirmed that good relations with Vietnam should be developed. In Syria, we were cordially received by the deputy general secretary of the ruling party. In Egypt, the general secretary of the NDP (the ruling party), who is also the deputy prime minister, and the vice chairman of the party (the party chairman is President Mubarak) received our delegation. They knew that our party, the ruling CPV, led a country in a war against the United States and, in the time of peace, has built a stable country that becomes more and more developed, particularly in the present stage of renovation. The achievements and results that Vietnam has obtained in the period of renovation, in spite of the fact that they are but initial ones, are highly regarded and evaluated by our friends, and thus make the parties of other countries have confidence in the CPV's leadership prestige. Iraq, Syria, and Egypt admired the stability of the CPV following the collapse of the Soviet Union and the East European socialist countries and its leading Vietnam step by step away from poverty and backwardness.

During the trip, we also paid attention to the economic situation of each country and the potential for cooperation.

In the political field, Vietnam and Iraq, Syria, and Egypt have the willingness to cooperate with one another. In the economic and commercial field, they need to know the potential and capabilities of both sides so as to open up the channels of cooperation in the future. At present, Iraq has a very great oil potential, but it encounters difficulties because of the trade embargo policy adopted following the Gulf war. Egypt has as many as 7 million tourists a year.

During the trip we helped to provide Iraq, Syria, and Egypt with additional accurate and vital information about Vietnam. At present, information on Vietnam remains sparse and limited in this part of the world.

[Hoang] The Middle East is the world's key position, where three continents—Asia, Europe, and Africa—meet and interchange. What is your opinion on this region?

[Tai] The Middle East and northern Africa have very complicated histories, geographies, politics, societies, and religions. This region is always politically unstable. In my opinion, the tendency in this region is to follow the common trend in the world, namely to secure stability and cooperation, and to seek every means to resolve contradictions and disagreements through negotiations. The ruling parties in these countries are very interested in political stability; however, there remain many difficulties in individual countries.

[Hoang] Thank you.

Official Views Potential of Noi Bai Airport

BK1512154894 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 15 Dec 94

[FBIS Translated Text] Dear friends: So far, our country's civil aviation has invested $8 million to improve and upgrade the Noi Bai International Airport in Hanoi. As a result, we have increased the volume of cargo and passengers. As of this morning, the airport has transported 1.2 million passengers, thus exceeding the target set for 1994. On this occasion, our station correspondent interviewed Comrade Nguyen Van Nhan, general director of the Northern Airport Complex, on the improvement and upgrading of facilities of Noi Bai International Airport. The following is Comrade Nguyen Van Nhan's answer to our station correspondent's question:

[Begin Nguyen Van Nhan recording] The plan to build an airport covering a total area of 53,000 square meters to handle between 4.5 and 5 million passengers a year can meet our projected requirements for the year 2000 and beyond; we will have to think of the need for more investment to expand the southern part of the highway. By this, I mean the southern part of the airport, under an agreement signed between the Civil Aviation Department and Japan. Under this agreement, Japanese overseas development aid will be used to conduct a feasibility study. If we can complete the project as planned, by 2015 we will be able to handle 30 million passengers per year.

Many projects are being carried out, including joint ventures with foreign countries, to establish the Hanoi-Vinh-Ho Chi Minh City air link and vice versa. It is my belief that considering the importance of the southern part of the former Fourth Zone, the southern part of Thanh Hoa, Nghe An, Ha Tinh, and the Cua Lo area with its tourist, industrial, and import-export potential as well as with its role as a gateway to northern Laos, Vinh Airport also enjoys a very bright prospect of being put into operation and expanded. [end recording]

* Premier Said To Order Conscription for Police

95P30025

[Editorial Report] The Bangkok vernacular DAILY NEWS in its 23 November edition on page two carries a report citing the Vietnamese trade union paper LAO DONG published in Hanoi. LAO DONG reported that Prime Minister Vo Van Kiet has ordered the Ministry of Interior to begin conscripting males and females for police service. Males aged 18 to 27 and females aged 18 to 20 would be eligible. Conscription will begin in February 1995 and will be separate from the military draft.

* Measures to Implement Thrift Policy Suggested

952E0018A Hanoi VAN HOA in Vietnamese 23 Oct 94 pp 1, 2

[Article by Phan Hien: "Recommendations to the National Assembly on Implementing the National Thrift Policy"]

[Text] Since the adoption of the party's renovation policy, the activities of the National Assembly have become events that have elicited the special concern of the public nationwide. Each time the National Assembly meets the people all over the country are discussing and deciding on their opinions.

In many meetings between voters and their delegates everyone has acknowledged the great efforts of the state not only since the beginning of 1994 but over the past four years, and clearly realizes the accomplishments in the economic, cultural, social, diplomatic, and security-national defense spheres, under the conditions of having to overcome many difficulties and challenges. Furthermore, the opinions of voters concern many problems with which the people all over the nation and in each region and locality are very concerned.

One of the things the public sees as a topic of intense concern, and which the press has covered a good deal, is the implementation of the National Thrift Policy. During the seventh party congress and the previous National Assembly term, our party and state regarded thrift as a national policy. In the past, President Ho Chi Minh continually spoke about that major policy. Uncle Ho always taught that cadres, party members, and everyone in positions of authority must cultivate revolutionary virtue and practice thrift, honesty, justice, and impartiality. A characteristic that was highly persuasive and created profound trust was that every time a major position or policy was adopted, Uncle Ho was the first to set a good example and required the cadres and party members to lead the way so that the rest of the nation could follow.

Today, the accomplishments of the renovation line have caused the nation to be more prosperous and rich than in the past, but everyone knows that Vietnam is still one of the poorest countries in the world. Therefore, the people of the entire nation are in complete agreement with the goals of the party and state: a rich people, a strong country, and a just and civilized society. But a legitimate worry is the organization and guidance of the National Thrift Policy.

One of the urgent problems in victoriously meeting the goals and norms of the state economy during the 1991-1995 five-year period, and creating the preconditions for building the material-technical bases in order to advance rapidly and strongly in future years, is having sufficient capital. The lack of capital for fulfilling the economic-social missions in order to receive foreign investment, improve salaries appropriately, implement the policy of eliminating hunger and reducing poverty, have funds for diplomatic, cultural, and educational activities, and recompense people who achieved merit toward the revolution is a problem that has been brought up publicly many times during National Assembly sessions. The state has also taken many steps to mobilize capital and reduce the budgetary expenditures of the sectors and localities.

But in order to truly implement the National Thrift Policy it is necessary to set forth comprehensive, complete contents and take active campaigning and guidance measures, from the state organs and cadres down to the entire population. The press and the public have often mentioned the phenomenon of state organs making many purchases to "modernize" their headquarters and offices, and purchasing new automobiles. Those administrative expenses are excessive and extravagant in comparison to the modest sums used to build public housing and grant scholarships in order to train talented people, and to the limited funds set aside for the spheres of activity on the cultural-ideological front, which is still regarded as a hot front that has life-or-death importance in the struggle to determine "who defeats whom" in the new phase, to maintain a socialist orientation and to overcome the four major dangers and challenges and dangers that were pointed out by the recent midterm national party conference.

The press and the public have continually spoken of the great monetary losses caused by waste, corruption, and smuggling, the prevention of which has not yet attained the desired results. They have brought up the phenomenon of forest destruction "continually developing" and the remedies of reforestation and crop protection. Despite a very large annual budget, these remedies are unable to make up for the destroyed area, which has led to immeasurable consequences.

Many foreigners, and even some overseas Vietnamese, who come from the capitalists countries to visit Vietnam, have been astonished by some phenomena: elegant banquets and receptions, the "elegant living" of a considerable number of cadres and directors of enterprises and corporations, and the partying and fun-seeking "movement" in the restaurants and in the streets. Where do they get the money to continue such profligate spending? They answer by saying, "It's probably state money, or money obtained because of laxity by the state. If it was money obtained by honest, hard work, no one would so readily throw money out the window!"

There is much additional waste and loss about which the people and the state are clearly aware. They must be pointed out and steps must be taken to plug the holes. The public hopes that the National Assembly will pay adequate attention to implementing the National Thrift Policy. Matters that are regarded as national policies and very correct stands have been codified in the form of state laws. After there is a complete set of laws, mechanisms, and policies, effectiveness can be attained only if the determination of the organs of authority—as manifested in plans and measures for organizing their implementation and inspecting and overseeing the implementation—is greater than the spirit shown in debating and approving the legal documents.

I hope that after the present session of the National Assembly there will be a broad and deep movement to implement the National Thrift Policy, manifested in many aspects of life and national construction, accompanied by promoting a struggle to eliminate waste, corruption, smuggling, and acts that cause a loss of the nation's money and natural resources and social evils that corrupt state cadres and the young generation of today.

* Article Discusses Political-Military Institute

952E0020A Hanoi QUAN DOI NHAN DAN in Vietnamese 5 Oct 94 p 2

[Article by Vu Phuc: "Political-Military Institute Combines Civilian Proselyting With Building a Secure, Strong Area"]

[Text] In order to truly transform the situation and improve the quality and effectiveness of the civilian proselyting task in the new situation, the party committee of the Political-Military Institute issued a resolution on "strengthening and expanding the military-civilian solidarity relationship," while also guiding the party chapters, organs, and units in drafting plans and specific action programs with the localities, including propaganda to encourage the people to correctly implement the party's renovation line; execute all state positions, policies, and laws; and develop the role and effectiveness of the organizations and the exemplariness of cadres and party members.

Coordinating closely with the party committees, the governmental organs, and mass organizations, the local social organizations concentrated on building comprehensively strong base areas.

With the slogan, "positive and active" and consolidation accompanied by development of the close relationship with the people, the leadership and guidance echelons of the institute continually took the initiative and met with local party committees and administrations regarding policies and measures to coordinate in fulfilling such important and urgent missions as party building in the wards and villages, the campaigns to eliminate hunger and reduce poverty and to carry out family planning, the security-national defense work, and the army's rear-area policy, and participate in drafting plans to maintain political security and social order and safety and oppose "peaceful evolution." On holidays and anniversary dates, in addition to visiting and encouraging the families covered by the policies and families of disabled veterans and war dead in the localities, the institute encouraged the entire unit to do a good job of carrying out the movement to repay merit and show gratitude, work with the localities in setting up welfare funds, support a fund to help talented young people, and provide material bases for some local general schools.

Furthermore, the political organs maintained a good duty officer system, grasped and reported on the situation between the unit and the local administrative organs every week, month, and quarter, promptly and definitively resolved relevant problems, directly guided the units in organizing friendship ties with the localities, guided the contents of the activities of the Youth Union, and bolstered the ranks of political lecturers and propagandists to serve the propaganda and education task within and without the Institute.

To date, three wards (Yet Kien, Quang Trung, and Nguyen Trai) and five villages (Van Yen, Van Phuc, Ha Cau, Van Khe, and Kien Hung) in the city of Ha Dong have formed friendship ties with units at the institute. During the 1992-1993 two-year period and the first six months of 1994 the cadres, instructors, students, and political lecturers of the institute worked with the localities in holding dozens of propaganda classes about current events and policies for thousands of cadres, party members, youths, students, and people in the area in which the troops were stationed. The institute's Youth Union chapter coordinated with the local Youth Union chapters in fulfilling the function of teaching solidarity to youths in the area, by means of such combined activity forms as organizing study of army traditions, the military service obligation law, sporting events, story telling about the Spratly Islands troops, organizing youth conferences on defending the fatherland and launching a movement to strive to become "worthy of the name of troops of Uncle Ho," emulating the fighters of Dien Bien Phu, and so on, which have practical educational significance.

Because of the good performance of the propaganda-education work to proselytize the masses, and positive and effective participation in the revolutionary activity movement in the localities, in compairson to previous years the civilian proselyting task has undergone new development, the political security situation and order and safety in the area have been maintained, and military-civilian solidarity has been restored and developed in both breadth and depth.

In order to meet the requirements of the new missions, the students are continuing to coordinate with the forces in the party's political system in the locality in concentrating on building residential centers and safe collective housing areas with a disciplined, civilized way of life, and strengthening the party's political-ideological front among the people. At the same time, it is coordinating with the local people in organizing an emulation movement to commemorate the 50th anniversary of the formation of the Vietnam People's Army, a national defense festival day of the entire population.

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